



सत्यमेव जयते

# **GOVERNMENT OF MEGHALAYA**

## **LAW (A) DEPARTMENT**

### **THE MEGHALAYA CO-OPERATIVE SOCIETIES RULES (ASSAM RULES, 1953 AS ADAPTED BY MEGHALAYA)**

**THE MEGHALAYA CO-OPERATIVE SOCIETIES RULES (ASSAM RULES,  
1953 AS ADAPTED BY MEGHALAYA)**

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**THE MEGHALAYA CO-OPERATIVE SOCIETIES RULES**

\*[The Assam Co-operative Societies Rules, 1953 made by this Governor of Assam and published *vide* Notification No. CG 38/50/253, dated 4<sup>th</sup> February, 1953:-

“The 4<sup>th</sup> February, 1953

**No.CG.38/50/253.-** In exercise of the powers conferred by Section 100 of the Assam Co-operative Societies Act, 1949 (Act 1 of 1950), the Governor of Assam is pleased to make the following rules in order to carry out the purposes of the said Act in the State of Assam.

2. The rules framed under the Co-operative Societies Act II of 1912 and adapted under Notification No. 963 L.S.G. (A), dated the 18<sup>th</sup> April, 1941 are hereby reminded.

A.M. Dam,  
Secy, to the Govt. of Assam,  
Co-operative Deptt.”]

**THE MEGHALAYA CO-OPERATIVE SOCIETIES RULES,  
(ASSAM RULES, 1953 AS ADAPTED BY MEGHALAYA)**

**CHAPTER I**

**Preliminary**

**1. Short title.-** These rules may be called the Meghalaya Co-operative Societies Rules.

**2. Definitions:-** In these Rules, unless there is anything repugnant in the subject or context:-

- (a) “Act” shall mean the Meghalaya Co-operative Societies’ Act, (Assam Act 1 of 1950 as adapted by Meghalaya.
- (b) Words and expressions used in these rules shall be the meanings respectively assigned to them in the Act;
- (c) “Section” means the schedule of the Act;
- (d) “Schedule” means the schedule of forms appended to these rules;
- (e) “Society” means a registered Co-operative Society registered or deemed to have been registered under the Act and includes a Society formed after amalgamation of such two or more Societies or by division of such an existing Society; a registered Co-operative Society may also be called a “Co-operative”;
- (f) “Director” means a member of an administrative Council, managing committee or any managing body of a Society as the case may be vested with the powers of its management;

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\* Adapted by Meghalaya by the Meghalaya Adaptation of Laws Order (No.3), 1973 published *vide* Notification No. LL.8/72/63, dated 30<sup>th</sup> May 1973 under Section 79 of the North-Eastern Areas (Re-organisation) Act, 1971 (Central Act 81 of 1971.)

- (g) "Borrowed Capital" means the total of loans, deposits and other borrowings of a Co-operative Society;
- (h) "Owned Capital" means the total of paid up share capital and accumulated reserve and other funds created out of profits of a Co-operative Society;
- (i) "Working Capital" means the total capital of a Co-operative Society consisting of borrowed capital and owned capital.

## CHAPTER II

**3. Restriction on acquisition of shares in Society.** - Where the liability of members is limited by shares, no member other than a registered Society shall -

- (a) hold more than such portion of the share capital of the Society, subject to a maximum of one-fourth, as may prescribed by the bye-laws of the Society, or
- (b) have or claim any interest in the share of the Society exceeding five thousand rupees, provided that if the Society is a Housing Society or a wholesale Society for procurement and distribution of any article or any special type of Society, a member may have or claim and interest in the shares of the Society not exceeding Res. 25,000. In such cases, the Registrar will decide whether the maximum limit of share allowed to an individual member should be Rs.25,000 or less and his decision shall be final.

**4. Change of liability.-** (1) When a registered Society resolves to change its form of liability, it shall convene a special meeting of the General Assembly for the purpose and shall adopt proposals for such amendment of its bye-laws as may be consequential and necessary for the safe conducts of its business and submit an application in the manner as provided in the rule for registration of such amendments.

(2) At least clear fifteen days' written notice of such meeting with the special agenda shall be given to its members together with a copy of the proposed resolution with regard to the change of liability.

(3) A copy of such resolution shall be sent to the Registrar within fifteen days of its adoption.

(4) The notice required under sub-section (1) (i) of Section 9 of the Act shall be issued under a certificate of posting; provided that this shall not be necessary in the case of a primary agricultural credit Society.

**5. Application for registration.-** (1) Every application for the registration of a Society under sub-section (i) of Section 10 shall be in the form set forth in the schedule appended to these rules and shall be submitted in triplicate to the Registrar and each copy of the form for application for registration shall be signed by the promoters.

Registrar may consult the Deputy Commissioner or the Sub-divisional Officer or the Political Officer concerned whenever he considers necessary.

(2) Where a Co-operative Society is an applicant, the application shall be signed by an office bearer of such a Society duly authorised by a resolution to sign the application for registration and the bye-laws on its behalf.

(3) If the Society intends to be a member of a central Society, another copy of the bye-laws signed by the president of the inaugural general meeting, in addition to the copy of the bye-laws which are required under sub-section (3) of Section 10 of the Act, shall be forwarded therewith.

**6. Conditions of registration of a Society and refusal to registrar.-** (1) On receipt of the application for registration, the Registrar shall examine the application for registration and the bye-laws in order to satisfy himself -

- (a) that the application and the bye-laws are in conformity with the Act and the Rules.
- (b) that the bye-laws are suitable for carrying out the objects of the Society and ensure safe conduct of its business, and
- (c) that the proposed Society has reasonable chances of success having regard to local conditions, and may call for further information or make such enquiry as he may deem necessary.

(2) (a) If the Registrar is satisfied on all the points mentioned in clauses (a), (b) and (c) of sub-rule (1), he may register the Society and its bye-laws.

(b) Such registration shall be entered in a General Register kept for the purpose in the form found suitable and the entry of such registration shall be attested by the seal and signature of the Registrar.

(3) When a Society is registered, the Registrar shall grant a certificate of registration in the form set forth in the schedule.

(4) The certificate of registration together with a copy of the bye laws as approved by the Registrar duly stamped with his official seal shall be sent to the applicants. Of the three remaining copies of the registered bye-laws, one shall be retained in the office of the Registrar, one sent to the Assistant Registrar and the third to the Inspector concerned with a copy of the Certificate or registration.

(5) If the Society intends to be a member of any "affiliating Society" an extra copy shall be authenticated and sent to the Society concerned.

(6) If the Registrar is to register a Society or its bye-laws he shall record in writing the reasons for his refusal and shall communicate his decision to the applicants.

**7. Restriction and limit of membership -** (1) No, person or Society qualified under the bye-laws to be a member of a Co-operative Society shall be excluded from membership without sufficient cause;

Provided that without the sanction of the Registrar-

- (i) No registered Society with unlimited liability shall have more than 100 members, except with the approval of the Registrar which will not be given except for special reasons to be recorded in writing.
- (ii) No registered Society with unlimited liability shall have more than 50 members at the start; the member may be increased by no more than 20 members a year upto the maximum prescribed above.



(2) In case of amalgamation of Societies as provided in Section 15 and change of liability under Section 9, the restrictions and limits set forth above shall not be operative.

8. **Provisions in the bye-laws of a Society.** - (i) Every Society shall make bye laws in respect of the following matters, namely -

- (a) the name and registered address of the Society and its branches, if any;
- (b) the area of its Society;
- (c) the objects of the Society;
- (d) the purpose to which its funds may be applied;
- (e) qualifications required for membership and the terms of admission of members;
- (f) the rights and liabilities of membership;
- (g) the maximum number of members that may be admitted;
- (h) the nature and the amount of the share capital, if any, of the Society and where there is a share capital, the maximum share capital which a single member can hold;
- (i) the manner in which capital may be raised by means of share and debentures, borrowing from non-members, deposits of members or otherwise;
- (j) the entrance and other fees and the fines, if any, to be collected from the members;
- (k) withdrawal, removal and expulsion of members and the payment, if any, to be made to such members;
- (l) transfer of share or interest of a member;
- (m) the circumstances under which withdrawal from membership shall be permitted and the procedure to be followed in cases of withdrawal, ineligibility and death of members;
- (n) the mode of appointment and removal of directors and office bearers of the Society and the duties and powers of the managing body and other committees or bodies which may be formed and specify the composition of such bodies, their powers, duties;
- (o) the mode of summoning and conducting meetings and the right of working, fixing of quorum for meetings;
- (p) subject to the provisions of rules and, the manner of making altering and abrogating bye laws;
- (q) the general conduct of the business of the Society;
- (r) the disposal of profits;
- (s) creation and use of reserve and other funds;

- (t) the mode of custody and of investment of funds outside the business and the custody of books, accounts and securities;
- (u) the mode of keeping accounts;
- (v) settlement of disputes;

In the case of a credit Society -

- (a) the conditions under which loans may be granted; fixing of the maximum and normal credit of members and the maximum loan admissible to a member;
- (b) the rate of interest on loans and the system of calculation of interest;
- (c) purposes for which loans may be granted;
- (d) security of repayment of loans;
- (e) period of repayment and recovery of loans;
- (f) extension of the period of repayment and renewal of loans; and in the case of non-credit Societies -
  - (a) the mode of conducting business;
  - (b) procedure to be followed in conducting business, purchasing, selling, stock taking and other matters relating to stores, raw materials and finished products.

**9. Amendment of bye-laws.-** Subject to the provisions of Section 13, a Society may, from time to time, amend its bye-laws by altering or rescinding there or by making a new bye-law provided that -

- (i) every such amendment shall be made only by a resolution passed by a majority of the members at a meeting of the General Assembly and at which not less than two-thirds of the members of the Society are present;
- (ii) no such resolution shall be valid unless not less than clear fifteen days notice of such meetings has been given of the proposal to alter or rescind the bye-laws.

(2) The Registrar may, in special cases, register an amendment which is passed by two-thirds of the members present at a meeting of the General Assembly or at an adjourned meeting of the General Assembly or at an adjourned meeting of the General Assembly at which the number of members required by the above rule was not present, if he is satisfied for reasons to be recorded in writing -

- (i) that it is impracticable for the Society to secure the attendance of two-thirds of the total number of members at a meeting of the General Assembly,
- (ii) that the adoption of the proposed amendments, is in the interest of the Society; and
- (iii) that such adoption is likely to meet with the approval of the general body of members.

**10. Mode of amendment of bye-laws.-** (1) In every case of amendment of bye-laws, an application in the form as set forth in the schedule for registration of a new or altered bye-laws or for the abrogation of an existing bye-law shall be submitted to the Registrar, within the time prescribed in sub-section (2) of Section 13, signed by the members of the Managing Body. The application will show –

- (a) the date of the meeting of the General Assembly at which the amendment was passed;
- (b) the number of members on the roll of the Society on the date of issuing the notice of the General Assembly meeting.
- (c) number of members present at the meeting; and
- (d) the number of members who voted in support of the amendment.

(2) The application for registration of the amendment of the bye-laws shall be accompanied by a copy of the resolution making the amendment passed at the meeting, the General Assembly along with fourth copy of the existing bye-laws and a fifth copy of such amendments of bye-laws, if the Society is a member of any affiliating Society.

(3) When the Registrar registers an amendment of bye-laws, he shall return to the Society, the copy of the old bye-laws duly corrected and attested by him, together with a certificate of registration of the amendment in the form set forth in the schedule. The copy of the resolution and one copy of the proposed amendment shall be retained by the Registrar in his office with the old bye-laws which shall be duly corrected and attested by him. Of the remaining two copies, one will be sent to the Assistant Registrar and the other to the Inspector concerned, duly sealed and signed by the Registrar as a token of registration.

(4) When the Registrar refuses to register an amendment of bye-laws he shall record in writing reasons for his refusal and communicate his decision to the Society.

**11. Amendment of bye-laws at the direction of the Registrar.-** (1) When the Registrar directs any Society to amend its bye-laws in accordance with the amendment drafted and forwarded to the Society by him, the Society shall, on receipt of such direction proceed in the manner provided in rule 10 to consider the making of such amendment within two months or such longer period as may be specified in the order. When the Society adopts any amendments of bye-laws, action shall be taken provided in rule 10 for registration.

(2) In case, however, the Society proposed to file any objection, the case shall be represented before the Registrar within fifteen days of the meeting along with a copy of the proceedings of the meeting of the General Assembly considering the drafted amendment, signed by the Chairman of the meeting. The Registrar after considering the objection of the Society may-

- (i) withdraw the direction for amendment of the bye-law; or
- (ii) register the same.

(3) In case of registration copy of the amendment of the bye-law as registered shall be forwarded to the Society together with a certificate signed by him. Amendment of the bye-laws will be duly entered and certified by the Registrar in the copy of the bye-laws retained in his office. The Assistant Registrar and office concerned will also be supplied with a copy signed by Registrar for being incorporated in their copies of the bye-laws.

**12. Amendment of bye-laws at the suggestion of affiliating Society.-** (1) When it appears to an affiliating Society that an amendment of the bye-laws of a Society which is

affiliated and indebted to it is necessary or desirable, it may direct such a Society to make the amendment, only in respect of matters pertaining to -

- (a) the constitution of its administrative council and the managing body; and
- (b) the investment of funds.

(2) The affiliating Society in suggesting any such amendment to the affiliated shall, by definite resolution of the Administrative Council or the Managing Body as the case may be direct the Society to make the amendment within specified time.

(3) The affiliating Society shall forward to the Society concerned by registered post, -

- (a) a copy of the proposed amendment of the bye-laws; and
- (b) copy of the resolution approving such amendment.

(4) The affiliated Society, on receipt of the direction for such amendment shall proceed in the manner provided in rule 9.

(5) If within the period as specified by the affiliating Society from the date of receipt the direction, the Society -

- (a) fails to make the amendment of its bye-laws, or
- (b) file an objection to such an amendment the affiliating Society, after considering the objections of the Society, if any, may -
  - (i) withdraw the direction for amendment of the bye-law; or
  - (ii) forward the amendment together with the objections, if any, filed by the Society and its comments thereon to the Registrar for consideration and registration.

**13. Adoption of rules of procedure.-** Subject to provision in the bye-laws, the managing body of a Society by whatever name, it is called, shall frame rules for their own guidance regarding.-

- (a) the manner of receipt and disbursement of money;
- (b) the mode of keeping custody of books accounts, securities and funds, and
- (c) the terms of service of salaried officers dealing with pay, leave, discharge and dismissal.

The adoption of the rules thus framed will require the prior approval of the Registrar and they shall remain in force until duly modified or rescinded.

**14. Non-Official helpers.-** (a) The Government of Meghalaya may appoint any person as a non-official adviser to help Co-operative Societies in certain specified areas. The name of persons so appointed who will be designated as "Honorary Organiser of Co-operative Societies" shall be published in the *Gazette of Meghalaya*.

(b) Functions of the "Honorary Organiser of Co-operative Societies" will be to -

- (i) take active interest in the working of existing Co-operatives;

- (ii) prepare grounds by educating the people of the locality in the principles of co-operation and creating a Co-operative atmosphere amongst them;
- (iii) inspect Co-operative Societies within his jurisdiction, submitting his report in the form prescribed
- (iv) perform any other functions as may be consigned to him by the Registrar from time to time.

(c) The “Honorary Organiser of Co-operative Societies” shall be entitled to travelling allowance to cover expense of journeys undertaken at rates to be fixed for the purpose.

### CHAPTER III

#### *Rights and Liabilities of members of Registered Societies*

**15. Exercise of rights of membership.-** (1) No members of a society shall exercise the rights of a member unless and until he has made such payments to the society in respect of membership or acquired such interest in the Society as may be as prescribed in the bye-laws, subject to the following conditions:-

- (a) Every Application for admission as a member must agree to pay an application fee as  

Application Fee.	may be prescribed in the bye-laws; but such fee shall not be less than eight annas or exceed two rupees.
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- (b) Every applicant for admission as a member must also agree to pay such admission fee as may be prescribed in the bye-laws. Such fee shall not be less than one rupee where the applicant is an individual and five rupees where the applicant is an individual and five rupees where the applicant is a registered society.
- (c) Where the capital is to be raised by the issue of shares, each member must agree to subscribe to at least one share or the minimum number of shares as prescribed in the bye-law and has paid the dues on account of such share of shares, as required under the provisions of the bye-laws.

(2) No person shall be accepted as one of the applicants for the registration of a society or admitted as a member –

- (a) who does not satisfy the requirements of the Act and rules; or
- (b) who is legally or mentally disabled ; or
- (c) who is bankrupt; or
- (d) who is convicted of a criminal offence, involving moral turpitude

(3) No person who has ceased, within a period of four years, to be a member of any society with unlimited liability shall be allowed to be a member of another society with unlimited liability, without special permission of the Registrar.

(4) Any member who may at any time be found disqualified for any of the reasons in clauses (2) and (3) above shall be removed from the society.

(5) In cases of any doubt, the Registrar shall decide whether a person is or is not eligible as an applicant for registration or liable to be removed from the society.

**16. Disqualification for voting.**- No member of a Co-operative Society shall be eligible for appointment to enable him to vote in the affairs of another Co-operative Society, of which his society is a member -

- (a) if such member is any way disqualified under the provisions of the rules or any bye-laws of the society for voting in the affair of the society of which he is a member or for being appointed as a director; or
- (b) if, in the case of any other type of societies, the member is in arrears in any way in payment of his dues or is not loyal to the society as required under the bye-laws.
- (c) if, in the case of any other type of societies, the member is in arrears in any way in payment of his dues or in not loyal to the society as required under the bye-laws.

**Explanation.** - "a habitual defaulter" referred to in clause (b) means member of a Credit Society who has failed to pay three installments already due immediately proceedings the election.

**17. Promoters of unlimited liability society and member of all other societies, seeking loan to furnish information as to financial position.** - A full true and accurate statements of assets including immovable property and liabilities shall also be furnished -

- (a) by a promoter signing the application for registration of a society with unlimited liability, together with the application for registration of the society; and
- (b) by a member of a limited society applying for a loan or for acceptance as a surety for a loan.

Such statement signed by member in the form that may be prescribed by Registrar from time to time, showing assets and liabilities at the time of admission as well as on the last date of each Co-operative year shall be preserved by the society.

Form for furnishing statement of assets and liabilities by member of unlimited liability society.

**18. The manner of recalling a loan not utilised for the purpose for which advanced.** - When the Managing Body of a Co-operative Society is convinced or has reasons to believe that a member has not utilised a loan fully or in part for the purpose for which it was advanced, it may by a written the loan and if the loan is not refunded immediately it shall apply to the Registrar for an award under Section 70 in order to recover the loan.

(1) to show cause within a reasonable time specified in the notice why the loan shall not be recalled. Where no cause is shown to the satisfaction of the society within the specified period, the Managing Body may recall the loan and if the loan is not refunded immediately it shall apply to the Registrar for an award under Section 70 in order to recover the loan.

**19. Restriction on transfer of share or interest.**- The transfer or charge of the share or interest of a member in the capital of a society shall be subject to maximum holding as prescribed in rule 3 (b).

**20. Nomination of transferee.**- (1) A member may , by writing under his hand deposited with the society during his life time, or by a statement signed by the member made in any book kept by the society nominate any person or persons to whom under Section 23 his share of interest in the society or so much thereof as may be specified in such nomination, shall be paid or transferred on his death. A nominee may become a member only, if admitted by the Managing Committee.

A nominee thus admitted shall be exempted from payment of admission fees.

(2) A nomination so made may be revoked or varied by another nomination similarly made.

(3) The name and address of every person nominated under sub-rule (1) above shall be entered in the Register of members.

**21. Procedure for calculating the value of shares or interest of ceased members.-** (1) Where a Co-operative Society has to make a refund of the value of share or interest of a person who has ceased to be a member under Section 25, the value of the share shall be deemed to be equal to the amount actually paid up on the share; provided that where a position of the assets is estimated to be had or doubtful in the latest audited balance sheet and is not covered and is not covered by funds created for the purpose out of profits, the Managing Committee may for the purpose of such payment, reduce the value of the share proportionately taking into consideration, the assets which are bad or doubtful.

(2) Where a transfer of share or interest is to be made, the value of the share or interest shall be deemed to be the sum actually paid by the member for the acquisition of such share or interest.

**22. Manner of determining value of land. -** (1) Value of land for the purpose of clauses (3) and (5) of section 27 shall be determined by the Society in the manner detailed below -

(a) by reference to any recorded sale of similar land in the locality during recent periods, or

(b) if no record of such sale is available the value of the land shall bear such proportion to the annual rent payable to the society for the land as may be notified by the Registrar; or

(c) if no rent has been assessed for the land, the value shall be determined by the Managing Body subject to the approval of the Registrar.

(2) Any dispute as to the value of such land shall be referred to the Registrar whose decision thereon shall be final.

#### CHAPTER IV

##### *Management*

**23. Chairman of the General Meeting.-** (a) (i) The Chairman or in his absence, the Vice-Chairman of a society shall preside over the meetings of its General Assembly. If both the Chairman are absent or are unwilling to act as Chairman, the members present and entitled to vote shall elect one from amongst themselves to preside over the meetings to preside over the meeting; provided, however, where the bye-laws of a society provides for any outsider to preside over the meetings of the General Assembly, such an outsider, if elected shall preside.

(ii) The Chairman of a meeting of the General Assembly shall maintain order in the meeting and shall control and conduct proceedings in such manner as may be conducive to expeditious and effective disposal of business. He shall decide all points of order and his decision upon such points shall be final.

(iii) The Chairman of the meetings of General Assembly may direct any member to withdraw for disorderly conduct and the member so ordered shall immediately withdraw and

unless otherwise directed by the Chairman shall remain absent during the remaining period of the meeting and shall not be entitled to vote without the permission of the Chairman.

(iv) In the event of disorder, the Chairman of the meeting may suspend the meeting and adjourn it to such a date and time as he may think fit subject to the provision of the bye-laws.

**24. Quorum of meeting of General Assembly.** - (i) Unless otherwise provided in the bye-laws, the quorum of a meeting of the General Assembly shall be one-fifth of the total number of members existing as such as on the date of issue of the notice of the meeting or one hundred whichever is less.

(ii) No business shall be transacted at any meeting of the General Assembly unless there is a quorum at the time when the business of the meeting is due to commence.

(iii) If within half an hour from the time fixed for the meeting of the General Assembly a quorum is not present, the meeting shall stand adjourned ordinarily to the same day in the next week at the same time and place but the Chairman of the meeting may, however, decide to adjourn the meeting to a date not later than fourteen days or as may be provided in the bye-laws of the society:

Provided that -

a meeting of the General Assembly which has been called on the requisition of members under clause (c) of sub-section (I) of Section 33 shall not be adjourned but dissolved.

(iv) If at any time during a meeting of the General Assembly, attendance of members falls below the quorum as prescribed above, the Chairman of the meeting on his attention being drawn to the fact or on his own initiative may adjourn the meeting to such a date, time and place as he may think convenient, and the business to be transacted at this meeting shall be disposed of in the usual manner at the adjourned meeting even without a quorum.

**25. Voting in meeting of General Assembly.**- (1) Except where otherwise prescribed all matters brought before a meeting of the General Assembly shall be decided by a majority of votes.

(2) A resolution which is put to the vote at a meeting of the General Assembly shall be decided by show of hands unless a poll is demanded by at least ten members and agreed to by the Chairman of the meeting.

(3) If a poll is decided, the vote shall be taken in such manner and at such time as the Chairman of the meeting may direct subject to any provision in the bye-laws in this behalf, and the result of such poll shall be deemed to be the decision regarding the resolution.

(4) In case of a poll being taken the number of members voting for or against a resolution shall be recorded in the proceedings book.

**26. Records of meetings.**- (i) The names of the members present in a meeting of the General Assembly shall be entered in the proceedings of the meeting which shall be recorded in a book kept for the purpose.

(ii) The proceedings shall be signed by the Chairman of the meeting after being to and confirmed by the members present at that meeting or at the next meeting.

(iii) The Chairman in his discretion may admit any person not being a member, to any meeting of the General Assembly for the purpose of giving expert advice. Such person shall not be entitled to vote.

Admission of non-member



Proceedings of all meetings of General Assembly shall be submitted to the Registrar or to the person/persons in the manner as may be prescribed by him from time to time for approval and until such approval is obtained proceedings of such meetings shall not be valid.

A list showing the total number of member on the date of holding meetings and number of members present with their names shall be attached to all such proceedings when submitted to the Registrar or the person authorised by him in his behalf for obtaining approval.

**27. Election and retirement of directors in a Primary Society, other than a non-Agricultural Credit Society.-** (i) The directors of a Primary Society other than a non-Agricultural Credit Society shall retire annually from office but shall be eligible for re-election.

Provided that except with the previous permission of the Registrar which should only be given in exceptional cases, no member shall hold office for more than four years in succession or having already held office for four years be re-elected within a shorter interval than two years from the date on which he ceased to be a director.

(ii) The vacancies caused by the retirement of the directors shall be filled up by the election at the annual meeting of the General Assembly at which they retire.

**28. Election and retirement of directors in non-agricultural Credit Societies.-** (i) At the first annual meeting of the General Assembly of a non-Agricultural Credit Society held after the commencement of these Rules, the entire body of directors shall retire but shall be eligible for re-election:

Provided that no director who has held office for more than four years in succession shall be eligible for re-election for two years from the date of his retirement without the previous permission of the Registrar.

(ii) In subsequent years one third of the directors elected by the members shall retire from office at the next annual meeting of the General Assembly and shall not be eligible for re-election for one year from the date of retirement.

(iii) The vacancies caused by the retirement of director under sub-rule (i) or sub-rule (ii) shall be filled up by election at the annual meeting of the General Assembly at which they retire.

(iv) The directors who are to retire in accordance with sub-rule (ii) at the second and the third annual meetings of the General Assembly shall be determined by lot in a meeting of the administrative council or the Managing Body as the case may be within three months from the date of its first constitution after the commencement of these rules. In subsequent annual meeting of the General Assembly, the directors who have been longest in office shall retire.

**Explanation.-** For the purpose of this sub-rule the term of office of any member elected to fill a casual vacancy in the administrative council or managing body shall be deemed to include the periods of membership of his predecessors.

**29. Appointment of directors by the Registers.-** (1) In order to safeguard and represent appropriate interest in a Co-operative Society, the Registrar shall have powers to appoint all or fraction of the number of members provided in the bye-laws or appoint additional members to the administrative council or the Managing Body not exceeding one-half of the number of the elected directors.

(ii) The members so appointed shall hold office till the next election of directors appointed under this rule may or may not be members of the society.

(iii) If any vacancy occurs in the office of such an appointed director, the vacancy, shall be filled up by appointment.

**30. Qualification of members of Administrative Council and Managing Committee.-**

Subject to the provision of the rules, every member of a society above the age of 21 years shall be eligible for election or for appointment as member of the administrative council and the Managing Body.

**31. Disqualification for membership of Administrative Council and Managing Body.-**

A member shall not be eligible for being chosen, or for being appointed, as a member of the administrative council and the managing body of society or of another society to which the society is affiliated if such member –

- (a) is adjudged by a competent Court to be insolvent or of unsound mind;
- (b) has been punished with imprisonment for an offence involving moral turpitude;
- (c) is concerned or participants in the profile of any contract with the society;
- (d) in a credit society has failed to pay in three consecutive years immediately preceding the election at least an amount equivalent to one year's instalment fixed for the repayment of the loan.

**32. Cessation of membership of Administrative Council and Managing Body.-** A director shall cease to hold office,-

- (a) if he becomes subject of any disqualification mentioned in rule 31 , or
- (b) if he resigns his office by notice in writing to the administrative council or the managing body concerned; or
- (c) if, without the consent of the administrative council of the managing body, he is absent from meetings for more than three consecutive meetings; or
- (d) if the society of which he is a representative is dissolved or disaffiliated.

**33. Removal, expulsion, etc., of the Secretary, Treasurer, Directors and other office-bearers.-** (1) The Secretary or Treasurer of a society on any other office- may be removed from office by a resolution of a meeting of the General Assembly specially convened for the purpose.

(2) Unless otherwise provided in the bye-laws or in the terms of appointment, any officer of a society appointed by the administrative council or the managing body may be removed from his office by the said council or body.

**34.** At least fifteen days' notice of all meetings of the administrative of all meetings of the managing body shall be given to each member specifying the date, hour and place of the meeting with a statement of business to be transacted thereat:

Provided that –

- (i) no business transacted at meeting of the administrative council or the managing body so convened shall be deemed invalid on account of non-receipt of the notice by a member in due time; and

- (ii) provided that any urgent business though not included in the agenda accompanying the notice, may be brought up and considered with the consent of all the members present at the meeting.

**35. Powers of the Administrative Council and Managing Body.-** The administrative council or the managing body shall exercise all or any of the following powers as may be provided in the bye-laws -

- (i) to admit new members and to suspend, fine, remove or expel existing member;
- (ii) to raise funds;
- (iii) to invest funds;
- (iv) to appoint salaried or non-salaried officers for proper conduct of the business, on such terms as to remuneration, security, etc., and with such powers and authorities including the powers and authorities including the powers to enter into contracts on behalf of the society as they may deem fit ad to decline their duties;
- (v) to dismiss, suspend or punish each officers mentioned in sub-clause (iv)
- (vi) to institute, defend or compromise legal proceedings;
- (vii) to dispose of applications for loans and to determine the security to be taken;
- (viii) to appoint sub-committees as may be deemed necessary from time to time; and
- (ix) to delegate, with or without conditions, all or any of the power exercisable by the administrative council or the managing body to any office-bearer or to any committee formed.

**36. Duties of the Administrative Council and the Managing Body.-** The administrative council or the managing body shall observe in all their transactions the provisions of the Act, Rules, bye-laws and directions of the Registrar and shall cause to perform the following duties, namely:-

- (1) to provide for the management of the affairs of the society;
- (2) to receive and disburse money;
- (3) to maintain true accounts of money received and expended and of assets and liabilities;
- (4) to prepare for submission to the annual meeting of the general assembly -
  - (a) an annual report on the working of the society;
  - (b) an annual statement of accounts which shall include -
    - (i) cash account;
    - (ii) balance sheet;
    - (iii) trading account (if any);
    - (iv) profit and loss account: and
    - (v) profit and loss appropriation account;
- (5) to prepare the statement of accounts required for audit and to place them before the auditors;

- (6) to prepare and submit all statements and returns required by the Registrar in such forms as he may direct;
- (7) to enter accounts of the society regularly in proper registers;
- (8) to maintain a register of members up-to-date;
- (9) to facilitate the inspection of books and records by the inspecting officers;
- (10) to convene meetings of the general assembly on requisition;
- (11) to convene the annual meeting of General Assembly in due time;
- (12) to watch that the loans are applied for the purposes they are advanced and that they are repaid punctually;
- (13) to examine and take prompt action in cases of all arrears and defaults in respect of repayment of loans;
- (14) to examine the stock register and verify the actual stock;
- (15) to supervise and examine the work of the sub-committees and the office-bearers; and
- (16) to perform such other duties as may be entrusted by the General Assembly;
- (17) (a) No society, without prior approval of the Registrar, shall take into consideration any balance sheet at its annual general meeting or make any distribution of its profits by way of dividend or bonus or otherwise among its office-bearers, employees and members, unless and until the balance sheet (for the period during which such profits have accrued) shall have been certified to be a true and correct statement of the financial position of the society by the Registrar or the person authorised by him in that behalf.
- (b) All societies with limited liabilities shall obtain the Registrar's approval to their proposal of the distribution of the profits whether to their office-bearers or employees or members before considering it at the annual general meeting.

**37. Deputation of a Government servant to manage the affairs of a Co-operative Society.-** (1) A Government servant when deputed to the service of a Co-operative Society by the Government of Meghalaya under Section 35 shall be called the Executive Officer of the Society.

(2) Subject to any condition to the contrary that the Government of Meghalaya may in any particular case think fit to impose, he shall be under the general control of the administrative council or the managing body of the society as the case may be and shall exercise the following powers in the conduct of the business of the society, namely:--

- (a) have full control over the staff of the society with power to punish, suspend or dismiss any member thereof; provided that the power of dismissal shall be exercised with the previous concurrence of the administrative council or the managing body as the case may be;
- (b) to institute, defend or compromise legal proceedings.

**38. Duties of executive officer.-** Unless otherwise directed by the administrative council or the managing body as the case may be the executive officer shall perform the following duties, namely:-

- (i) receive all money on behalf of the society and issue receipts;
- (ii) pay all costs of management and working expenses out of the funds of the society, e.g., salaries of the staff, travelling and other contingent expenses, necessary for the work of the society.
- (iii) deposit all money received on behalf of the society as well as securities and other effects as prescribed under rule 55;
- (iv) maintain regular and accurate accounts;
- (v) maintain records in prescribed form;
- (vi) convene meetings of the administrative council or the managing body as may be necessary from time to time;
- (vii) submit such statements as required by the administrative council or the managing body.

**39. Procedure in case of difference of opinion.** - In the event of any difference of opinion between the Executive Officer and the Administrative Council or the Managing body of the Society, with regard to any matter concerning its management not expressly covered by the Act, the rules, the bye-laws and conditions laid down by the Government of Meghalaya and the time of appointment, the Executive Officer may refer the matter to the Registrar whose decision shall be final.

**40. Executive Officer.** - (1) **Cost of his service, withdrawal, etc.-** The Executive Officer shall be indemnified out of the funds of the Co-operative the Society for all costs, charges, travelling and other expenses incurred by him in the discharge of his duties in conducting its business and no suit or legal proceeding whatever shall lie against him in respect of anything done in good faith or intended to be done in accordance with the powers conferred on him.

(2) At any time, the Government of Meghalaya may after giving one month's notice withdraw the service of the Government servant, deputed to manage the affairs of the Society under Section 35.

(3) The Society may at any time, by a resolution, in the meeting of the General Assembly apply to the State Government for withdrawing any Government servant so deputed.

(4) The Society shall make such contribution towards the cost of the deputation of the officer as the Government of Meghalaya may direct.

**41. Suspension or supersession of an Administrative Council Managing or any other Body.-** (1) In case where the administrative council or the managing body of a society after receipt of a notice fails to carry out the direction of the Registrar issued under Section 36 or forwards its reasons for not so doing, the Registrar after due consideration of the reasons given, may by an order in writing -

- (i) withdraw or modify the order; or
- (ii) dissolve the administrative council or the managing body.

(2) (i) Where, as an emergent measure the Registrar considers it necessary to suspend forthwith the administrative council, managing or other bodies, and appoint a person or persons, to be in full control of the suspended body until a new body has been elected or action has been taken in accordance with Section 37, the Registrar shall fix the date and time by which the person or persons appointed shall take over charge of the society from the suspended body and prescribe the condition under which they will work.

(ii) Rule 40 shall be applicable in case of person or persons so appointed.

**42. Appointment of person or persons to manage the affairs of a Society.-** (1) When the Registrar orders the administrative council managing or any other body as the case may be of a society to be dissolved and appoints a person or persons under Section 37 he shall fix -

- (i) the date and time by which charge of the society shall be taken over from the dissolved body;
- (ii) the condition under which work shall be carried on;
- (iii) the remuneration, if any, to be paid to manage the affairs of the society;
- (iv) the security if any to be furnished by those appointed; and
- (v) the date by which a new administrative council, managing or other body, as the case may be, is to be elected.

(2) Unless otherwise directed by the Registrar, the remunerated of any person or persons appointed under Section 37 shall be defrayed out of the funds of society.

## CHAPTER V

### Duties of Registered Society

**43. Documents to be kept open to inspection.-** In addition to the provisions of Section 41, every society shall keep documents and allow inspection by any member of the society -

- (i) the register of members;
- (ii) the register of the members of the administrative council if any and of the Managing body, and
- (iii) other books and records of the society.

**44. Rights of members of Co-operative Society with unlimited liability to see accounts** - The members of Co-operative Societies with unlimited liability shall have a right to see the accounts of all the borrowers of such societies in the offices of the Societies concerned.

**45. Fees for Inspection of documents, bye-laws, etc. -** Members of Co-operative Societies on a written application stating the purpose may on payment of a fee of two rupees for each document on each occasion of inspection, and with the permission of Registrar inspect any public documents exclusive of documents privileged under Sections 123, 124, 129 and 131 of the Indian Evidence Act, I of 1872, such as -

- (i) general Register,
- (ii) certificate of Registration,
- (iii) bye-laws,
- (iv) amendments of bye-laws,
- (v) orders for its cancellation
- (vi) the annual cash account, balance sheet and revenue accounts, and
- (vii) Audit memorandum.

**46. Fees for certified copies of documents.-** Certified copies of any document, which any person has right under the foregoing sub-rule to inspect, shall be supplied on payment of two rupees for a certificate of registration of a Co-operative Society and in case of other

documents a sum calculated at the rate of four annas for each hundred words of the copy taken, subject to a minimum of rupees two.

**47.** (1) The maximum amount which a Society may receive as deposit and borrow from its members and non-members and non-members shall be determined at an Annual General Meeting of the Society and no Society shall borrow beyond the maximum amount so determined and in force for the time being;

Provided that Registrar or any person authorised by him may at any time, reduce the limit fixed by the General Assembly.

(2) Save as is provided in rule 48 no society shall incur liabilities from persons who are not members in excess of the maximum limit fixed from time to time in a meeting of the General Assembly subject to the approval of the Registrar.

**48. Restriction of borrowings of society with unlimited liability.-** A Co-operative Society with unlimited liability which is a member of an affiliating financing bank shall not take loans from any non-member without the sanction of the affiliating society and where the Society is not a member of such affiliating society, without the previous sanction of the Registrar.

**49. Restriction on borrowings of limited liability Society.-** No society with limited liability shall, by accepting deposits, or loans or in any other way incur liabilities exceeding fifteen times the sum of the paid up share capital and the reserve fund for the time being separately invested outside the business of the society.

Provided that -

(a) The Apex Bank or a Central Co-operative Bank for the purpose of financing its affiliated societies the Apex Bank may incur liabilities by floating debentures, accepting deposits or in any other way to the extent of twenty times the value of paid up share capital and the reserve fund for the time being separately invested, unless relaxation is made by Registrar by an order in writing.

(b) An agricultural society or a bank financing such societies may with the permission of the Registrar or any person authorised on his behalf and under such conditions as he may impose, incur liabilities for the purpose of advancing seasonal loans to members for production of crops and for financing the disposal of produce, repayable within a period of twelve months, irrespective of the amount of its paid up share capital or reserve fund separately invested outside the business.

**50. Restrictions on borrowings by societies.-** (1) Co-operative Societies may accept fixed deposits from members and non-members and non-members, subject of such rules and restrictions and for such periods as the Registrar may deem fit to impose, provided always that efficient management is ensured and that adequate fluid resources are maintained according to the rules prescribed.

(1) Fixed deposits

(2) All Co-operative Societies with, limited liability other than agricultural credit societies in rural areas which make adequate provision for fluid resources as provided for in the rules, may accept savings bank deposits both from members and non-members, subject to rules for deposits framed by the Society and approved by the Registrar.

(2) Saving Bank deposits

(3) No Co-operative Society shall undertake current deposit accounts business without the sanction of the Registrar and such sanction shall not be given by the Registrar unless he is satisfied about the stability of the concern and of its provisions for adequate fluid resources as prescribed.

(3) Current deposits

**51. Provisions for fluid resources or liquid covers.-** Any Co-operative Society, accepting loans and deposits as provided in the foregoing rules shall keep the maximum fluid resources against loans and deposits held by it according to the following scale:-

- (i) 25 percent of the amount held in fixed deposits and loans due for repayment within the ensuing six months (less the amounts for which written notice of renewal has been received);
- (ii) 33 percent of the amount held in savings deposits;
- (iii) 60 percent of the amount held in current deposits; and
- (iv) the entire amount of undrawn cash credits granted.

*Explanation.-* "Fluid Resources" means any assets which can be converted into ready cash at once and which are maintained in one or more of the following forms :-

- (a) Cash in hands, or in banks or with bankers approved by the Registrar;
- (b) Government securities, including post office cash certificates;
- (c) Deposits in Post Office Savings Banks;
- (d) Other investment of a liquid nature in outside concerns approved by the Registrar; and
- (e) The undrawn portion of assured cash credit with -
  - (i) Any joint-stock bank or private banker approved by the Registrar; or
  - (ii) The Apex Bank or any other Co-operative Bank approved by the Registrar.

**52. Registrar's power to permit a decrease in the proportion of fluid resources, etc.-** Under special order, empower any particular society or any class of societies to reduce the proportions of the fluid resources as mentioned in rule 51.

**53. (1) Restriction on issue of loans.-** Every credit society of unlimited liability shall from time to time, fix in the annual general meeting of the General Assembly the maximum liability a member may incur. The maximum limit so fixed shall be subject to the Sanction of the Registrar or some person authorised by him who may if he thinks fit, reduce it or impose such conditions as he may think necessary. No loan shall be granted to an individual member of a society which shall bring his total debts to the society exceeding the maximum amount so fixed.

(1) Fixation of maximum liability or a member of credit society with unlimited liability.

(2) In any Co-operative Society in which the liability of the members is limited by shares, no loan shall be granted to a member exceeding ten times the amount of the share capital paid by him but not exceeding the limit of the limited liability society.

(2) Fixation of maximum liability of a member of limited liability society.



provided in the bye-laws or determined by the annual general meeting of the General Assembly.-

(a) a society may grant loans to its members upto twenty times the amount of share capital paid up by a member, in case of such loans bring issue don mortgage or valuable security, as provided in sub-section (2) (c) of Section 44 of the Act;

(b) the Apex Bank or any other financing bank may grant loans to any affiliated Co-operative land mortgage bank upto twenty times the amount of share capital paid up by the land mortgage bank;

(c) the Apex Bank may advance loans to an affiliated society engaged in the purchase of production and disposal of goods of its members in excess of ten times the share capital paid up by such society;

(d) an agricultural society may grant loans to its members repayable within a period of twelve months for facilitating the production or disposal of produce, irrespective of the amount of eh share capital paid up by such member with the previous permission of the Registrar and under such conditions as he may impose.

**54. Maximum and normal credit to members.-** A Co-operative Society shall determine and fix the maximum or normal credit of its members in a manner as it thinks fit; provided that -

- (a) in a Primary non-agricultural credit society, the maximum or normal credit of a member shall be determined by taking into consideration his assets, liabilities and his repaying capacity;
- (b) in a Primary agricultural credit society the maximum or normal credit shall not exceed one-half of the total value of the agricultural lands of a member which is actually under his cultivation during the period of assessing normal credit or two thirds of the total estimated net income from such lands during the period of the repayment of the loan whichever is less.

## CHAPTER VI

### *Property and Funds of Registered Society*

**55. Investment of Fund.-** In addition to the provision made in Section 51, a Co-operative Society may invest or deposit its funds -

- (i) with the Meghalaya Co-operative Apex Bank Limited, or
- (ii) in the purchase or leasing of land or buildings; or
- (iii) in the construction of buildings, provided that the purchase of such land or the construction of such building, is likely to be advantageous to the society in its working; or
- (iv) in any other manner permitted by the Registrar.

**56. Reserve Fund and its object.-** (i) Every society shall from and maintain a reserve fund which shall belong to the society as a whole and shall be built up by carrying in each year not less than twenty five percent of its net profits. The fund shall be indivisible and no member shall have any claim or share in it.

(ii) With the previous sanction of the Registrar, a Co-operative Society with shares and with limited liability may meet the loss of any year partly or wholly from the reserve fund provided that no dividend or share, bonus patronage dividend or rebate is paid during the year out of the profit. No less than fifty percent of the reserve shall be separately invested every year not to be utilised in the ordinary working of the Society subject to Rule 58.

**57. Creation of reserve fund in a Society.-** (i) In every Registered Society with unlimited liability and without shares not less than three-fourth of the net profits in any year shall be carried to the reserve fund.

(ii) In every Co-operative Society with shares and with unlimited liability not less than one-half of the net profits in any year shall be carried to the reserve fund until that fund is equal to one-half of the total borrowed capital; thereafter not less than one-third of the net profits in any year until the reserve fund equals the amount of borrowed capital and thereafter not less than one-fourth of the net profits in any year shall be carried to the reserve fund:

Provided that if by any increase in the borrowed capital the proportion of the reserve fund to the borrowed capital is reduced in any year, the share of the net profits to be credited to the reserve fund shall be raised to the extent required until the proportion is restored.

**58. Use of reserve fund in the business of a society.-** A Co-operative Society may, subject to the approval of the Registrar and to such conditions as he may impose, use in its business -

- (i) upto one-third of its reserve fund when the owned capital is less than the borrowed capital;
- (ii) upto two-thirds of its reserve fund when the owned capital is equal to or exceeds the borrowed capital; and
- (iii) the entire reserve fund when there is no borrowed capital;

Provided that a society not being a credit society may, with the special sanction of the Registrar utilise the whole of its reserve fund in its business.

**59. Contribution to Charitable purposes.-** (1) After the proportion required by sub-section (1) of rule 56 above has been carried to the reserve fund from the profits of the year every Co-operative Society -

shall, in the manner prescribed, contribute an amount not exceeding 6 ¼ percent of the year's net profits for Co-operative education and for such other purposes, as prescribed herein, to be credited to a fund to be called "The Co-operative Development Fund"

(hereinafter referred to as the Fund).

Provided that if the net profit of any year of a society do not exceed Rs.200, the society shall not be required to contribute anything towards Co-operative Development Fund for that year.

(2) (i) The fund shall be administered by a Committee appointed by the State Government composed of -

- (a) the Registrar (*Ex-officio*);
- (b) the Deputy Registrar of Co-operative Societies (*Ex-officio*);
- (c) an Economist;
- (d) a representative of rural credit societies;
- (e) a representative of trading and consumer societies, and
- (f) a representative of other types of Societies;
- (g) one member of the State Legislative Assembly;

One or two other members connected with the Co-operative Movement likely to be helpful may be co-opted if necessary.

(ii) The Registrar shall be the Chairman with the Deputy Registrar of Co-operative Societies as the Secretary and the Treasurer of the Committee. The Registrar shall frame rules for the detailed procedures of working and disposal of the Fund.

(3) Every Co-operative Society shall, at the close of each Co-operative year after consideration of the audited balance sheet in the General Assembly, make such contribution to the fund as may be approved by the General Assembly.

(4) All sums so contributed shall forthwith be sent by the respective societies to the Apex Bank or to such other bank as the Registrar may direct.

(5) The fund may be utilised for any one of the following purposes, namely -

- (a) the education of members of Co-operative Societies in co-operative principles and practice; or
- (b) the development of new types of Co-operative Societies; or
- (c) the improvement of Co-operative Societies in general.

**69. Charitable purposes.** - A Co-operative Society may build up a fund and contribute not more than 6¼ percent of not profits any charitable purpose including relief of the poor, education, medical relief and the advancement of any other object of general public utility. Purposes relating exclusively to religious teaching or worship are, however, excluded. Any contribution out of the fund shall be made with the approval of the registrar.

**61. Distribution of net profits.-** After making the allocation to the reserve fund as prescribed in Rules 56 and 59, the remaining “net profits” may be distributed according to the provision in the bye-laws of the society subject to -

- (a) no Co-operative Society shall pay its share holders in any year a dividend exceeding Payment of dividend on twelve and a half percent on the paid-up shares unless shares. otherwise permitted by the Registrar in writing.

Provided that if any Co-operative Society other than a credit society is enable to pay a dividend of four percent of any year, it may make good the deficit by paying the difference out of profits in future years at any time not later than five years immediately succeeding the year of such deficit:-

- (b) no dividend shall be paid by any Co-operative Society with shares and unlimited liability without the previous sanction of the Registrar and that the rate of such dividend shall not exceed 6 ¼ percent per annum on the paid-up shares;

- (c) no Co-operative Society shall declare a dividend at a rate exceeding that recommended by its administrative Council, or managing body;

- (d) a Society may redit in any year a sum out of the dividend allotted under (a) above not exceeding 3 percent on the paid-up share capital to a fund called the “Dividend Equalization Fund” till the total amount in such fund accumulates to 9 percent of the paid-up share capital;

Dividend Equalization Fund.

Provided that except for the purpose of paying a dividend not withdrawals from such fund shall be made without the previous written sanction of the Registrar.

**62. Patronage dividend or rebate.-** (a) A Co-operative Societies may set apart a certain percent of its net profit provided in the bye-laws for the payment of patronage dividend or rebate to its members in proportion to the money value of the business transacted by them during the year with the society as buyers, sellers, wage earning producers, or otherwise, if such payment is recommended by the Managing Body and approved by the General Assembly.

(b) In case advance patronage dividend is allowed to be paid under Section 54 (2), the total amount of such patronage dividend shall not exceed the limit as provided in the bye-laws.

**63. Payment of bonus or remuneration.-** A Co-operative Society may set apart not more than 30 percent of its net profits as provided in the bye-laws for the payment of bonus or remuneration to its members, office bearers, salaried, officers, employees or other helpers if such payment is recommended by the Managing Body and approved by the General Assembly.

**64. Provision for bad and doubtful debts.-** All Co-operative Societies other than the Societies with unlimited liability and without shares, shall be required to make adequate provisions for bad and doubtful assets if any such asset is declared bad or doubtful as prescribed in sub-section 2 (b) of section 54.

Unless such provision has been made or any exemption has been granted, by the Registrar on the recommendation of the Audit Officer, no society shall pay any dividend, bonus, remuneration, patronage dividend or rebate.

**65. Provision for building fund.-** A Co-operative Society may create a separate fund out of profits for the purpose of constructing buildings for conducting its business and such a fund shall be called a "Building Fund". The amount of such fund, when not used for the purpose for which it has been created may be utilised in the business or be invested or deposited with any Bank approved by the Registrar.

**66. Payment of interest on share capital.-** Fixed interest on share capital may be paid to members as provided in the bye-laws but such interest shall be taken into account before arriving at net profits.

## CHAPTER VII

### *Audit*

**67. Explanation of bad or doubtful asset.-** Any asset in a Society declared as bad or doubtful by an audit officer in his report as provided in sub-section (2) (b) of Section 54 shall be interpreted in the following manner -

(a) If a member fails for three consecutive years without reasonable acceptable to the Managing Committee, to pay at least 25 percent of each of the  
 Doubtful debt. instalments of principal and interest fixed for repayment of a loan at the time of its issue, then notwithstanding that on an examination of his assets and the assets of his sureties, if any, the debt appears to be covered by the value of such assets, the debt may be considered as doubtful.

(b) (i) when the total amount due by a member to a Co-operative Society by way of principal and interest exceeds the total of his assets and the available assets and the available assets of his sureties, if any, and the amount due by way of arrear interest exceeds three years' demand, such, excess of his total dues including interest over the total assets shall be considered as bad debt. Besides, where a member has inadequate repaying capacity and he and his sureties have no available assets, the debt shall be termed as bad debt.

Bad debt.

(ii) A debt considered as doubtful if not recovered after action has been taken under Chapter X or Section 70 of the Act to recover if or the recovery of which has become barred by limitation shall be considered as a bad debt.

**68. Writing off of bad debts.-** (1) Best proceedings to take action to write off any asset considered bad, all possible steps shall be taken by the Managing Committee including amicable persuasion, action under Chapter X or Section 70 of the Act.

(2) Any debt considered bad shall if so approved by the Registrar be written off by the annual meeting of the General Assembly, in the following order against -

- (i) The bad debt fund or any created out of profits as provision for bad debts;
- (ii) Any other fund created out of profits but not earmarked for any specific purpose;
- (iii) The reserve fund constituted under Rules 56 and 59.

(3) When the Society is affiliated to a financing bank and is indebted to it, the Registrar shall consult the financing bank before sanctioning the writing off of any debt.

**69. Date of audit of Co-operative Society.-** Unless the Registrar directs otherwise for any Society or class of Societies, the annual statutory audit as provided in Section 55, shall be conducted and the audit report shall be submitted -

- (i) in case of primary agricultural credit society, within nine months and
- (ii) in case of any order society, within six months, from the date of the close of the Co-operative year.

**70. Procedure of audit.-** (1) Unless the Registrar directs otherwise the audit of a Co-operative Society shall always be conducted in the registered office of the Society.

(2) Previous and timely intimation shall always be given to the society by the audit officer before the audit is commenced.

Provided that the verification or examination required under clauses (i), (ii) and (iii) of Section 57, may be carried out by any audit officer without any intimation to the society.

(3) The defects and errors detected in course of audit and which can be remedied on the spot shall be rectified by the audit officer and he shall also convene a meeting of the Managing body for rectification of all defects including account irregularities which can be remedied by the Managing Committee. All other defects of a serious nature shall be remedied in the annual meeting of the General Assembly subject to provisions under Sections 58 and 59.

(4) The officers and employees of the society shall give the audit officer all assistance necessary for the conduct and completion of the audit and for this purpose in particular prepare

such statements and take such action with regard to the verification or examination of its accounts as he may require.

71. (1) When the annual audit of a Co-operative Society is completed, the audit officer will record a certificate in the Cash Book in the following form:-

“Certified that I have this day completed the audit of the ..... for the period from.....to..... and that a copy of the balance sheet together with the statements of accounts audited and the audit report with the statement as required under Section 58 shall be sent within a week to the society for record.”

(2) The audit certificate in the balance sheets of the audit officer shall be in the following form:-

I report that I have audited the Balance Sheet as at ..... and the annexed profit and loss account for the year ended.....and have obtained all the informations and explanations I required. In my opinion the Balance Sheet and the profit and loss account have been drawn up in conformity with the law and subject to my separate report of even date, the balance sheet exhibits a true and correct view of the state of the society’s affairs according to the best of my information and the explanations given to me and as shown by the books of the society.

72. **Form of audit statements.-** The statement of accounts shall be prepared by the managing body in such forms as the Registrar may prescribe or approve.

73. **Audit fee.-** (1) For the purpose of audit of a registered Society the Co-operative year shall begin on the 1<sup>st</sup> July and end on the 30<sup>th</sup> June each year and a physical stock-taking shall be done by every appropriate society to ascertain the actual value of stock as it stands on the 30<sup>th</sup> June.

(2) Every registered Society shall be assessed audit fees at the rate and in the manner as prescribed in sub-rules (3) and (4) of this rule and such fees shall be collected at the time of audit for the year to which the audit relates.

(3) Audit fees of a registered Society shall be assessed on the net working capital of the Society as it stood at the close of the previous year which shall include (a) share capital, (b) deposits, (c) borrowings, (d) undistributed profits and all other funds of the Society utilised in the business of the Society.

(4) Audit fees of a registered Society or a class of registered 8 per one hundred rupees subject to a maximum of Rs. 5,000 unless the Society has regional branches in which case the maximum shall be Rs.10,000.

(a) Primary Credit Societies.....at annas 8 per one hundred rupees subject to a maximum of Rs.150.

(b) All other Co-operative Societies.....at Re.1 per one hundred rupees subject to a minimum of Rs. 5,000 unless the Society has regional branches in which case the maximum shall be Rs.10,000.

(5) The Registrar may at his discretion for reasons to be recorded in writing remit wholly or in part the audit fees payable by any registered Society under these rules.

74. (a) **Collection and assessment of audit fees. -** (1) An auditing officer on completion of the audit of a registered Society shall cause to be filled up the relevant columns of the “Return of Audit Fees” by the Secretary or the Manager of the Society in 6 copies in Form No.1 annexed to the rules on the spot and shall collect the total sum payable on this provision assessment by the

Society as shown against item 11 of Form No.1 then and there and shall furnish an official printed receipt, the counterfoil receipt being kept by him. A copy of the "Return of Audit Fees" shall be retained by the Society.

(2) In case of default the total sum payable shall be realized under Section 83 (1) of the Act.

(3) The auditing officer shall immediately after the collection of the audit fees of a registered Society deposit them in the Treasury or Sub-Treasury under the head "XXXI. - Co-operation - I Audit Fees"

(4) The auditing officer, after filling up the relevant columns of the remaining 5 copies of the "Return of Audit Fees" and certifying the particulars to be correct shall forward 4 copies thereof, together with a receipted copy of the treasury Challan to his Regional Auditor.

(5) The Regional Auditor on receipt of the 5 copies of the "Return of Audit Fees" together with the treasury Challan shall make a final assessment on these returns after due check and verification and shall fill up the remaining columns of the Form. Out of these 4 copies of the "Return of, Audit fees" the Regional Auditor shall forward one copy to the Chief Auditor one copy to the society concerned, one copy to the Auditing Officer and the remaining copy shall be retained by him for record in separate files for each subdivision.

(6) In the event of any disciplinary being found by the Regional Auditor, resulting in any excess amount of audit fees to be realized or any refund to be made to the Society, he shall note the fact in the "Remarks Column" of the "Return of Audit Fees" to be added or adjusted as the case may be in the following year's return.

(7) The Regional Auditor shall maintain a "Register of collection audit fees" in For No.2 annexed to these rules to be compiled from the "Return of Audit Fees" and shall be responsible for the due collection of all audit fees within his region. The names of the societies in each Subdivision shall be entered in the Register in serial order of the registration number.

75. (b) **Chief Auditor.** - (1) The Chief Auditor of Co-operative Societies, shall record copies of the "Return of Audit Fee" received by him from the Regional Auditors in separate files for each Subdivision and shall maintain a Register in Form No.2 annexed to these rules in the same manner a prescribed in Rule 74 (7). He shall be responsible for the due and correct collection of audit fees throughout Meghalaya.

(2) The Chief Auditor of Co-operative Societies shall be responsible for reconciling the statement showing the receipts of audit fees received from the Comptroller, Assam, in case of any discrepancy in the figures in the "Register of collection of audit fees" and in the figures shown by the Comptroller.

76. **Employment of staff audit.**- The Registrar shall have power to employ such staff for audit as he may consider necessary and suitable and shall have full control over such staff. Besides, the Government of Meghalaya audit staff, the Registrar may engage others on such terms as he may consider necessary.

77. **Audit classification.**- The Audit Officer shall, at the completion of audit, classify the societies whose accounts are audited, as A,B, C and D on the following principles and other standards as may from time to time be laid down by the Registrar -

- (i) "A" class-Societies which are managed well keep their accounts neatly and correctly, have build up a strong financial position, observe co-operative principles, have a co-operative outlook in all their dealings and do not require

outside guidance or supervision and further enforce punctual recovering of dues from members with complete loyalty assured from all members;

- (ii) "B" Class-Societies may contain certain of defaulting members, its accounts are not entirely faultless, but have displayed a certain amount of co-operative spirit with a general desire for self-improvement, self-help and thrift. Outstanding of dues should not be more than 25 percent of the total;
- (iii) "C" class - Societies where bye-laws and rules are not properly observed, management is not satisfactory, the financial position is weak and over dues exceed than that of "B" class but within 50 percent of the total outstanding; and
- (iv) "D" Class- Societies which fail to show any activity, have forfeited the confidence of creditors where the over dues are more than 50 percent and they do not show any chance of improvement to class "C" within 2 years of such classification, but where should be considered for liquidation.

**78. Audit of societies under liquidation.-** (1) The accounts of a liquidated society shall be audited once a year in the same manner as those of other societies according to Act and the rules and this audit shall be completed within the six months at the latest.

(2) The statements of accounts shall be prepared by the auditing staff in such forms as the Registrar may approve.

## CHAPTER VIII

### Inquiry and Inspection

**79. Procedure of enquiry under section 60 and inspection under section 61. -** (1) Unless the Registrar otherwise directs the enquiry regarding the affairs of a Co-operative Society under section 60 shall, be conducted in its registered office.

(2) Timely intimation shall be given to the society before the enquiry is held:

Provided that the verification of the cash balance and securities or the examination of any particular register and registers may be carried out without any previous intimation to the society.

(3) The officers, employees and other members shall furnish all information required by the inspecting officer for the completion of the enquiry and for this purpose they shall prepare such statement and take such action as may be necessary for the verification and examination of society's records as required by him to look into its constitution, working and financial condition under section 60 or section 61.

(4) (i) The Registrar or any person authorised by him under sections 45, 55,60,61 and 76 of the Act shall have power to require by summons the production at a convenient places of any books, documents or accounts relating to the affairs of a society or of cash belonging to the society by the person in possession of such books, documents or cash.

(ii) Such summons may be sent by registered post or served in the manner prescribed by Rule 98 (2).

(iii) Any person duly summoned under sub-rule (i) above to appear or to produce any document or cash shall be liable to the same penalties as provided in Rule 105.



**80. Inspection of affiliated societies by members of the paid staff of financing bank.-**

A member of the paid staff of a financing bank may be certified as competent to inspect Co-operative Societies if he -

- (i) is a regular employee of the bank and has received training institution or in any other way approved by the Registrar adequate for supervising and inspecting a society; and
- (ii) possesses such qualifications as the Registrar may from time to time require.

## CHAPTER IX

**Settlement of disputes**

**81.** A dispute referred to under section 63 shall include claims by a Co-operative Society for debts or any other demands due to it from a member or past member or the heirs or assets of a past member or from others as provided in sub-sections (a), (b), (c) and (d) of Section 63 whether such debts or demands be admitted or not:

Provided, however, that if the question at issue between a Co-operative society and a claimant or different claimants, is one involving complicated questions of law and fact, the Registrar may, if he thinks fit, suspend proceedings in the matter until the question has been tried by a regular suit instituted by one of the parties or by the society concerned. If no such suit is instituted within three months of the Registrar's order suspending proceedings, the Registrar shall take action as prescribed in Section 64.

**82. Disputes and appointment of arbitrators.-** (1) When the Registrar decides to refer a dispute made under section 63 for disposal to a Board composed of more than one arbitrators he shall -

- (i) issue a notice calling on each of the parties to nominate one person as it nominee within such time as he may direct and where a party consists of more than one person shall jointly make only one nominations;
- (ii) shall nominate the third arbitrator who shall act as Chairman.

(2) In case of difference of opinion between the two arbitrators, the Chairman's verdict will prevail.

(3) If a party fails to make a nomination within the appointed time, the Registrar may himself make the nomination.

(4) If one of the arbitrators fails to attend or refuses to work as an arbitrator, the remaining arbitrators shall refer the case of the Registrar who shall cancel the appointment of the arbitrators, and may either -

- (a) constitute a new Board under sub-section (1) (b) of Section 64 and sub-rule (1) above; or
- (b) appoint only one arbitrator; or
- (c) decide the case himself by making an award in the manner as provided in Rules 88 and 89.

**83. Person qualified to be appointed as arbitrators.-** The Registrar may appoint an arbitrator or arbitrators from -

- (i) officers of the Co-operative Department;
- (ii) officers of any other department of Government of Meghalaya;
- (iii) members, officers or paid employees of Co-operative Societies;
- (iv) members of any local body;
- (v) teachers of any educational institutions; or
- (vi) Registered accountants.

**84. Payment of remuneration to arbitrators** - (a) Remuneration may be paid to arbitrators in such cases as the Registrar thinks proper.

(b) Remuneration to the arbitrators will be fixed by the Registrar subject to a minimum of five rupees and maximum of fifty rupees to each arbitrator in each case, payable from the funds of the society and realizable as cost against the party or parties against whom any sum would be found due by the arbitrator or arbitrators or the Chairman.

(c) When any remuneration is to be paid to the arbitrators it shall be deposited with the Registrar by the society concerned in such manner as he may direct before the arbitrator is appointed.

(d) No remuneration shall be payable to an arbitrator till the dispute referred to him is finally decided.

**85. Payment of expenses of disputes referred to the Registrar.**- The Registrar or his nominee and the arbitrators shall have power to order the expenses of determining the dispute to be paid out of the funds of the society, or by such party or parties to the dispute as they may think fit, according to a scale as laid down by the Registrar. The Registrar may fix the fees to be paid to his nominee out of the expenses so recovered.

**86. Reference of a dispute.** - A reference to the Registrar of any dispute under section 63 shall be in writing and shall be accompanied by:-

- (a) statement of the subject-matter of the dispute referred to in the form set forth in the schedule;
- (b) a statement of the claims in the form as set forth in the schedule;
- (c) copy of the ledger account of the defendant in respect of money suit; and
- (d) such other statement or records as may be required by the Registrar.

**87. Fee for filling a dispute.**- Every application for reference of a dispute to the Registrar under section 63 shall bear a court-fee stamp of one rupee, unless the Registrar permits otherwise.

**88. Procedure for disposal of dispute.**- (1) In such proceeding, the Registrar or his nominee or the arbitrator appointed under sub-section (1) (b) of Section 64 shall fix the date, hour and the place of the hearing of the dispute and issue notices to the parties concerned in form as set forth in the schedule. The arbitrator shall have power to appoint or remove guardians and next friends.

(2) The arbitrator may issue summons or notices at least fifteen days before the date fixed for the hearing of the dispute requiring -

- (i) the attendance of the parties concerned and of witnesses; and
- (ii) the production of all books and documents relating to the matter in dispute; and

(iii) shall have the power to administer oaths of all parties concerned.

(3) Summons or notices may be served by -

- (i) personal service through the Chairman or the Secretary or a member of the staff of the society or any of the dispute; or
- (ii) registered post with acknowledgement due; or
- (iii) affixing a copy of the summons or notice at the last known place of residence or business of the person concerned through any officer bearer or employee of the society, when he refuses to accept the notice and sign the acknowledgement or he cannot be found.

(4) Service of summons or notice on the Chairman, the Secretary or the principal executive officer by whatever designation known shall be regarded as service on that society.

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

(6) The serving officer in all cases, in which the summons has been served under clauses (i) and (iii) of sub-rule (3), cause to be endorsed on, or annexed to, the original summons, a return, stating the time when and the manner in which the summons was served and the name and address of the person, if any, identifying the person concerned and witnessing the delivery or tender of the summons.

(7) The sufficiency of proof of service of summons or notice shall be decided by the authority issuing the same.

(8) In the case of absence of any party to the suit duly summoned, the dispute may be decided *ex-parte*.

(9) In these proceedings neither party shall be represented by any legal practitioner.

**89. Decision or Award.-** (1) The Registrar or his nominee, the arbitrator deciding the dispute shall record a brief note in English or in the vernacular of the proceedings together with a memorandum of the statements of the parties who attend and of such witnesses as are examined, and upon evidence so recorded, and after consideration of any documentary evidence produced by the parties shall give a decision or make an award as the case may be in accordance with justice, equity and good conscience; he shall record his decision or award in writing in the form as set forth in the schedule, sign and date it and shall communicate it to the parties concerned.

(2) If no award is made immediately, upon the conclusion of the hearing of the parties, the Registrar or his nominee, the arbitrator shall fix the date, and place of delivery for the award and shall, except for reasons to be recorded in writing, deliver the award on the date so fixed.

(3) The award shall be communicated to the parties by -

- (i) pronouncement of the award; or
- (ii) registered post to any party absent on such date.

90. **Withdrawal of a reference by the Registrar.** - On the application by any party to an arbitration proceeding pending before an authority other than the Registrar deciding the dispute, the Registrar may for reasons to be recorded in writing withdraw the reference from the authority appointed to decide the dispute and may decide the dispute himself or make fresh appointment.

91. **Execution of decision of award.**- (1) In any dispute other than a claim in respect of any sum payable to or by a Co-operative Society, the decision or the award of the Registrar or his nominee the arbitrator shall be enforceable by any civil court having local jurisdiction in the same manner as a decree of such court upon application, as if it were as decree of the court.

(2) When an award in a monetary dispute has been obtained against a society, it shall not be executed except against the assets of the society, including amounts dues to the society by its members.

(3) When an award in a monetary dispute has been obtained, it should be sent to the Registrar or such other officer as may have powers delegated to him in this behalf, for reducing the award in the form of a Co-operative Demand Certificate under Section 83, if the amount has not been realized within two months from the date of the award.

(4) When the Co-operative Demand Certificate is received from the issuing officer duly signed, it will then be submitted to the head of the local administration having jurisdiction, for the recovery of the amount as arrears of land revenue.

92. **Disposal of Records.**- (1) The original records of dispute proceedings after the decision or award has been delivered shall be kept in such place and manner as the Registrar may direct from time to time.

(2) Any document or record tendered by a party in any dispute may on application be returned to the party after the disposal of appeal, if any or after the period for appeal.

93. **Certified copy.**- A copy of the decision or award shall, on application be given to a party by the Registrar duly certified on payment of such fees as the Registrar may fix, subject to a maximum limit of four annas for each hundred words or a part thereof.

94. **Procedure for conditional attachment of property.**- (1) An application for a conditional order of attachment under sub-section (3) of Section 64 shall be made to the Registrar and shall contain. -

- (a) evidence in support of the contention that the party is about to dispose of the whole or any part of his property or is about to remove the whole or part of his property from the local limit of the jurisdiction of the Registrar, and that the party has failed to furnish additional security even on demand; and
- (b) full details of the property to be attached, its estimated value and the claim of the society.

(2) The Registrar on receipt of an application for a conditional order of attachment may direct the defendant, within a time to be fixed by him either to furnish security, in such sum as may be specified in the order to produce and place at the disposal of the Registrar, when required the said property of its value, or such portion thereof as may be sufficient to satisfy the decision or to appeal and show cause why he should not furnish security.

(3) Order of attachment, if any, passed by the Registrar shall be served by such person as the Registrar may empower. The person so empowered shall follow, as far as possible, the procedure laid down in order XXI of the First Schedule to the Code of Civil Procedure, 1908.

(4) The Registrar may also in the order direct the conditional attachment of the whole or any portion of the said property so specified.

(5) Conditional order of attachment shall continue in force until withdrawn for cancelled by the Registrar.

(6) Such conditional order of attachment, when passed by the Registrar shall be reduced to the form set forth in the schedule.

## CHAPTER X

### *Dissolution of Society*

95. **Obligatory cancellation of registration.**- The Registrar shall cancel the registration of a society under sub-section (2) (i) and (ii) of Section 65 which -

- (i) has not commenced working within a period of twelve months from the date of registration; and
- (ii) has not carried on business during the previous eighteen months; after giving the society a notice in writing in such manner as he thinks fit.

96. **Remuneration of liquidators.**- (a) The Registrar may permit a liquidator to utilise such percentage of the collected assets of a dissolved society, as may be determined by him for maintenance of his office and office staff in such manner as the Registrar may determine.

97. **Procedure of taking over charge and preparation of final balance sheet.**- The liquidator while taking over charge of the dissolved society as provided in Sections 65 (3) and 66 (3) and 66 (2) shall -

- (i) prepare a list of the books, records, cash and other properties of the society taken charge of ;
- (ii) prepare an up-to-date list of -
  - (a) members,
  - (b) past members with dates of their withdrawal, and
  - (c) deceased members, with dates of their decease, name of the legal heirs who represent their estates.
- (iii) make a final audit of the accounts of the society;
- (iv) draw up final balance sheet as it stands on the date of cancellation of registration; and
- (v) prepare a statement in the prescribed form, showing assets and liabilities as in the final balance sheet.

98. **Issue of summons, notice, etc., by a liquidator.**- (1) For carrying out the Purposes of Section 66, the liquidator may issue summons to persons whose attendance is required either to give evidence or to produce documents. He may compel the attendance of any person to whom summons have been issued and for that purpose issue a warrant for his arrest.

(2) The liquidator shall sent all such notices, summons or warrant for service to the Districts, Sub-divisional and Political Officers concerned. He may also send such notices and summons by registered post.

(3) The District, Sub-divisional or Political Officers on receipt thereof shall proceed as if such notice, summons or warrants had been issued by him and shall return them to the liquidator with a report of service.

(4) Any person duly summoned by the liquidator to appear before him or to produce any document shall be subject to the same obligations and liable to the same penalties as in the case of summons issued by the court under the provision of the Code of Civil Procedure, 1908.

(5) The liquidator shall keep short notes of the depositions of the persons thus summoned to give evidence.  
Liquidator to keep notes of deposition.

(6) The liquidator shall then make an order noting the names of members, past members and heirs of the deceased members of the society and the amount to be realized from each as debt or contributions under clauses (c) and (d) of Section 66, the cost of liquidation under clause (e) of the same sub-section.

(7) All orders relating to fixation of contributions by the liquidator in respect of deficiency in assets shall be submitted to the Registrar for approval.

(8) All assets and contribution recoverable shall be reduced to the form of the Co-operative Demand Certificate according to the provision of Section 83.

(9) The liquidator shall prepare Co-operative Demand Certificate under Section 83 in duplicate and forward the same to the Registrar or such officer as may have powers delegated to him in this behalf for signature. One copy shall be retained by the issuing officer and the other copy will be returned to the liquidator who will then submit it to the Deputy Commissioner, Sub-divisional Officer or Political Officers having jurisdiction for recovery of the amount as arrears of land revenue.

(10) Each Demand Certificate submitted for signature shall be supported by a specific order of the liquidator to that effect separately, and accompanied by a copy of the notice as required in the Co-operative Demand Certificate, duly serve upon the certificate debtor.

(11) The liquidator shall submit to the Registrar or any other officer empowered in this behalf by the Registrar a half-yearly progress Statement in the prescribed form and such other reports and returns as may be called for by the Registrar from time to time.

(12) All proceedings and transactions of the liquidator in connection with the liquidation  
Proceedings to be recorded in the order sheet. proceedings shall be recorded in the order sheet in prescribed form.

**99. Distribution of assets and priority of claims.-** (1) All Government dues including audit fees and all cost, charges and expenses incurred in the winding up of the society, including the remuneration of the liquidator shall be payable in priority to all other claims.

(2) After the liabilities other than owned capital as they stood on the date of winding up are paid off, the liquidator will submit to the Registrar his proposal for the distribution of the assets, if any, left with him for employment in the following order of priority -

- (i) all loans including those from Central and Apex Bank;
- (ii) deposits from non-members; and
- (iii) deposit from members.

(3) After the liabilities mentioned in sub-clause (2) are paid off, the assets, if any, left with the liquidator shall be employed in refunding share capital and dividend on shares, if any, at a rate not exceeding 6 ¼ percent per annum payable as shown in the final balance sheet.

*N.B. – (a) Payments shall always be made rate-ably on a pro-rata basis.*

*(b) Payment of interest included in the claims of the above categories shall be deferred until full payment of principal has been made to all creditors.*

**100. Termination of liquidation proceedings obligatory on the Registrar on certain cases.-** The liquidation proceeding of a society shall be closed within a period of three years from the date from which the cancellation of registration takes effect, unless the period is extended by the Registrar;

Provided that the Registrar shall not grant any extension for a period exceeding one year at a time of five years in all.

*Explanation.-* In the case of a society which is under liquidation at the commencement of these rules, the order for the winding up of liquidation proceedings of the society shall be deemed to have been passed on the date on which these rules come into operation.

**101. Disposal of the records of liquidation proceedings.-** After the expiry of three years from the date of the order of the Registrar under Section 68 for the closure of the liquidation proceedings and direction to the liquidator to deposit the records, the Registrar may order the destruction of records.

## CHAPTER XI

**Recovery of sums due and enforcement of obligations**

102. **Charge and surcharge.-** (1) When the Registrar holds an enquiry under Section 71, he shall draw up proceeding against any member, officer, employee, past or present of the society concerned showing the charges against him and shall -

- (i) supply the person concerned with a copy of the proceedings and a summary of the evidence which prima facie appear against him;
- (ii) call on the person concerned to furnish his explanation by a specified date;
- (iii) allow him and opportunity to look into relevant records of the Society if required for furnishing and explanation of charges include in the proceedings drawn up against him;
- (iv) receive and record such evidence as may be adduced;
- (v) record a decision.

- (2) (a) The Registrar passing any order in writing under sub-section (3) of Section 71 of the Act, require such member, officer or employee when found liable, to pay a sum not exceeding, Rupees fifty with interest to the Society by way of compensation in respect of any payment or loss or failure to restore any property.
- (b) The Registrar may, by an order in writing, fix a sum not exceeding Rupees twenty -five to meet the cost of the proceeding under sub-section (3) of Section 71 of the Act.

103. **Gross negligence.-** The following matters shall be deemed to be gross negligence within the meaning of clause (b) of sub-section (1) of Section 71 -

- (i) investment, custody and employment of funds contrary to the provisions of the Act, rules or bye-laws or any written direction of the Registrar given in accordance therewith;
- (ii) failure to remedy audit defects and irregularities in time when directed by the Registrar under Section 59; and
- (iii) failure to file disputes against defaulters and to execute any decree or award within the period of limitation.

104. If a registered Society or an officer or member or employees or agents thereof contravene any of the provisions of these rules, he shall be punishable with a fine which may extend to fifty rupees for every offence.



SCHEDULE

Form of application for the registration of a Co-operative Society with  $\frac{\text{Limited}}{\text{Unlimited}}$  liability under Section 11 of the Meghalaya Co-operative Societies' Act. (Assam Act I of 1950 as adapted by Meghalaya).

[Rule 5 (1)]

To

The Registrar of Co-operative Societies, Meghalaya,  
Shillong (Meghalaya).

Dated..... the .....19 ..

Sir,

We apply for registration of the society mentioned herein as a Co-operative Society with  $\frac{\text{Limited}}{\text{Unlimited}}$  liability under Section 11 (2) of the Meghalaya Co-operative Societies Act (Assam Act I of 1950 as adapted by Meghalaya).

1. The name of the proposed Society:-
2. The registered address of the Society is  $\frac{\text{Village}}{\text{Town}}$  .....

Post Office.....  $\frac{\text{Mouza}}{\text{Chowkidar Circle}}$  Thana.

Sub-division..... District.....

3. The liability of the members shall be  $\frac{\text{Limited}}{\text{Unlimited}}$
4. The area of operation.....
5. The object of the Society -
6. Language in which the Books and accounts will be kept.....
7. Four copies of proposal bye-laws signed by resident of the inaugural meeting are sent herewith.
8. Each member shall pay an admission fee of ..... and subscribe to at least one share of nominal value of Rs.....
9. A copy of the proceedings of the inaugural meeting of the proposed society in enclosed herewith.
10. Three copies of the application for registration with signatures of the applicants and particulars as required are submitted in the form.

(2) Further we, the undersigned, hereby agree to the Memorandum of Association and also agree to conform to the condition of the Meghalaya Co-operative Societies Act, (Assam Act I of 1950 as adapted by Meghalaya) and rules that are made thereunder.

Serial No.	Name of the applicant for registration.	Father's Husband's name of the Applicant	Age of the Applicant.	Residence of the applicant and postal address.	Occupation of the applicant	Number of share subscribed	Signature of the applicant

FORM OF CERTIFICATE OF REGISTRATION

[Rule 6 (3)]

Certificate of Registration No.....of 19..... in the Office of the Registrar of Co-operative Societies, Assam.

Under

Meghalaya Co-operative Societies' Act, (Assam Act I of 1950 as adapted by Meghalaya).

In the matter of the application of ..... and ..... others for the registration of a Co-operative society at..... Village .....P.O. .... P.S..... in the  $\frac{\text{district}}{\text{Sub -division}}$  .....

I do hereby certify that pursuant to Section II (2) of the Meghalaya Co-operative Societies' act (Assam Act I of 1950 as adapted by Meghalaya), the said Society has been registered in my office as a Co-operative Society with  $\frac{\text{Limited}}{\text{Unlimited}}$  liability under the title of the ..... and numbered as No.....of ..... 19 , dated this the.....day of..... of ..... of the year one thousand nine hundred and ..... Anno Domini.

2. The bye-laws adapted by the said Society have also been registered.
3. The following is the area of operation of the Society:-

Registrar of Co-operative Societies, Meghalaya.

FORM OF APPLICATION FOR THE REGISTRATION OF AMENDMENTS OF BYE-LAWS OF A REGISTERED SOCIETY

[Rule 10 (1)]

The Registrar of Co-operative Societies, Meghalaya.

(Through the Assistant Registrar of Co-operative Societies,.....).

(Through the Inspector of Co-operative Societies, .....).

Date.....the.....197

Sir,

We, the undersigned, beg to enclose herewith -

- |  |   |   |
|--|---|---|
| <p>1. The proposal amendment<br/>No.....</p>   | } | <p>in triplicate/quadruplicate the marginally of bye-law<br/>noted amendment of the bye-laws of the .....<br/>..... at Village .....<br/>P.O..... P.S.....</p>  |
| <p>2. Recession of bye-law<br/>No.....</p>   | } | <p>Sub-division..... In the district of.....<br/>..... and to apply for the registration.</p>   |
| <p>3. A complete amendment<br/>substituting entire set of<br/>bye-laws in supersession<br/>of all previous<br/>bye-laws.</p> | } | <p>of the amendment under Section 13(2) of the<br/>Meghalaya Co-operative Societies Act (Assam<br/>Act I of 1950 as adapted by Meghalaya). The<br/>necessary particulars about the meeting the<br/>General Assembly at which the amendment<br/>was passed are noted below:-</p> |

- (a) (1) Date of the meeting.  
 (2) The total number of member of the Society on the date of issue of notice of the meeting of the General Assembly  
 (3) Number of members present at the meeting.  
 (4) Number and names of members who voted in support of the amendment.  
 (5) Number and names of members who voted against the amendment.

(b) For reasons noted below the quorum required under rule 10 (i) could not be secured.

We certify that the adoption of the amendment of the bye-laws would be in the interest of the society, and that such amendment has been only approved by the General body of members.

CHAIRMAN.....

Signature of { Secretary.....  
                  { Members of the Managing Committee  
                  (1)  
                  (2)  
                  (3)

**Certificate of registration of amendment of bye-laws**  
**[Rule 10 (3)]**

In the office of the Registrar of Co-operative Societies, under the Meghalaya Co-operative Societies' Act (Assam Act I of 1950 as adapted by Meghalaya).

I do hereby certify that pursuant to the Meghalaya Co-operative Societies Act, (Assam Act I of 1950 as adapted by Meghalaya), the amendments shown in the enclosed document of the bye-laws of the ..... a Co-operatives Society registered under the aforesaid Act on the ..... day of ..... 19..... under No..... in the district of ..... has been duly registered. The following is the area of operation of the Society:-

The bye-laws amended and registered this day are as follows:-  
Complete amendment of previous bye-laws.

Partial amendment of bye-laws Nos.....

Registrar of Co-operative Societies, Meghalaya.

Dated this..... day of.....  
one thousand nine hundred and.....

FORM NO.1

RETURN OF AUDIT FEES

[Rule 74 (a)]

1. Name of the Society ... \_\_\_\_\_
2. Address ... \_\_\_\_\_
3. Registration No. and Date ... \_\_\_\_\_
4. Assessment year of Audit Fee \_\_\_\_\_
5. Total Capital ... \_\_\_\_\_
6. Funds separately invested ... \_\_\_\_\_
7. Net working capital to the nearest hundred rupees [See Rules 36 (3)], i.e., item 5 minus item 6. \_\_\_\_\_
8. Rate of Audit Fee per hundred of rupees [See Rule 36 (4)]. \_\_\_\_\_
9. Provisional assessment of Audit Fee – payable to the nearest public. \_\_\_\_\_
10. Deduction or addition on account of previous year's over or under payment (See item 14 of previous year's assessment). \_\_\_\_\_
11. Total amount due (Item 9 and 10). \_\_\_\_\_
12. Amount paid *vide* Receipt and Challan (Give Nos. and Dates) to be filled in by auditing officer. \_\_\_\_\_
13. Final order of assessment by Regional Auditor. \_\_\_\_\_
14. Remarks (Regional Auditor to state amount of refund or extra payment due in next year's audit). \_\_\_\_\_

Submitted to the Auditor of \_\_\_\_\_  
Co-operative Societies.

(Through the Co-operative Branch of the \_\_\_\_\_  
Development Office).

Dated.....197

Secretary of the Society \_\_\_\_\_



APPLICATION FORM FOR FILING ARBITRATION SUITS

Ref.No. [Rules 86(a)]

FORM No.1

In the Court of the  $\frac{\text{Registrar}}{\text{Assistant Registrar}}$  of Co-operative Societies, Meghalaya.

The humble petition of the Committee of .....  
 ..... at .....P.O.....  
 and District .....

2. We, the Committee of .....  
 hereby beg to report that a dispute exists between us on the one side and the member/ members  
 named in the annexed list on the other. The said member/ members owe the society the amount  
 shown in the attached statement in Form No.2. He/they has/have defaulted payment and now  
 refuse to pay either principal or interest/the amount due and make/make excuse.

3. But we, the Committee of the Society, are satisfied that he/they is/are in a position to  
 pay and, therefore, we request you to .....  
 .....  $\frac{\text{a decision}}{\text{an award}}$  against him/them.

Dated at.....  
 the .....day of  
 .....197

Signature

1. ....

Chairman

2. ....

Secretary  
 Committee members

3.

4.

5.

Seal  
 of the  
 Society

Members of the Committee  
 of the .....  
 (Authorised under resolution No.....  
 of the meeting of the .....  
 date .....)

**FORM No.**

**[Rule 86 (b)]**

Statement showing the disputed claims of the ..... against its member/members referred to the arbitration of the Registrar/Assistant Registrar, Co-operative Societies, Meghalaya under the Managing Committee's Resolution No.....dated.....19

Serial No.	Full name of member and his father's name.	Name of his Surety/Sureties, if any, being members of the Society and his father's name.	Original advance			Date or dates on which repayments feel due	Total repayments upto the date to which the account is drawn		Balance of amount now due and claimed		Date up to which the account is drawn	Remarks (Details regarding demands made)
			Date of issue	Amount	Rate of interest		Principal	Interest	Principal	Interest		
1	2	3	4	5	6	7	8	9	10	11	12	13

Certified that I have personally enquired into this application and examined the relevant records of the society and I am satisfied that the amount claimed against the defaulter is correct. The  $\frac{\text{bond}}{\text{bonds}}$  \*\* executed by the  $\frac{\text{member is}}{\text{members are}}$  attached herewith.

Signature:-

Secretary/Executive Officer of the .....

Counter signed by the Chairman of the .....

Date .....

\*\*If no separate bond was executed the sentence to struck off.



OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MEGHALAYA

**Notice to show cause why a decision should not be given**

**[Rule No.88 (1)]**

Case No..... of 197

Notice under rule 88(1) of the rules made under Meghalaya Co-operative Societies Act (Assam Act I of 1950) as adapted by Meghalaya.

Notice is hereby given in the name of .....  
..... and his surety .....  
member of the .....

2. Whereas the Committee members of the .....  
.....  
have applied to the Registrar, that a sum of Rs.....  
(Rupees..... only) on account of principal  
..... Rs..... (Rupees..... only)

on account of interest has been due from you which you did not pay on the date it fell due or you did not pay the overdues in time and that you do not pay the said sum to the society inspite of the society demanding the same.

3. And whereas the said society have referred the dispute to me for a decision under rules 81 and 86 of the rules framed under section 100 of the Meghalaya Co-operative Societies Act (Assam Act I of 1950) (as adapted by Meghalaya), I do hereby give notice that within two weeks of the receipt of the this notice you should show cause by a registered letter why a decision should not be given to the society against you.

4. Take notice that in the event of the claim not being contested by a decision shall be given *ex-parte*.

Given under my hand and the seal of my office at.....

This.....day.....197 .

SEAL

Registrar of Co-operative Societies, Meghalaya.

Memo No.....dated at.....  
the ..... of.....197 .

Copy of the notice with.....notices to the above mentioned  
borrower and his surety/sureties is forwarded herewith to.....  
Chairman of the .....village.....  
P.O.....District.....for service to the persons concerned.

2. Notices are to be served on the person concerned and signature (in ink) on thumb  
impression\* (if illiterate) is to be taken on the back notice in acknowledgement of the receipt of  
the notice by persons concerned.

3. In case of the borrower or the surety refusing to accept the notice or is not available, the  
notice is to be served by hanging in the doors of persons concerned and take signatures or thumb  
impressions of two witnesses to that effect.

4. Notices are returnable on or before the.....and if the notices are not  
returned after service within the time specified, the Chairman will be made personally liable for  
any loss suffered by the society on this account.

Registrar of Co-operative Societies, Meghalaya.

\* To be attested duly with two witnesses.

INTIMATION OF AWARD GIVEN TO THE JUDGEMENT DEBTOR

(Rule No. 89)

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES,  
MEGHALAYA

Reference Case No \_\_\_\_\_ of 19 \_\_\_\_ .  
No.....dated at.....  
the day.....of.....

To  
.....  
Member of the .....

Through the Secretary.....

..... is hereby informed that  
a dispute having been referred to the undersigned for decision by the .....  
..... a decree has been awarded against him and his surety  
..... for Rs.....on account of principal and  
Rs.....on account of the interest due to the said Society up  
to the .....and further interest on the principal sum adjudged at the rate  
of.....percent per annum from.....  
together with all cost till the date of realisation.

Registrar of Co-operative Societies, Meghalaya  
Memo No....., dated.....  
Copy to surety.....for information and necessary action  
Registrar of Co-operative Societies, Meghalaya.

**INTIMATION OF AWARD TO THE CHAIRMAN**  
**(Rule No.89)**

To

The Chairman of the .....

Village.....

P.O.....

Reference Case No..... of 19 .

District.....

Dated.....the .....19 .

Sir,

Award passed against.....and surety.....  
is sent herewith for necessary action.

2. If the amount adjudged in the award is not realized within two months, from the date of this award, the award should be sent immediately to the .....for reducing it to the form of a Co-operative Demand Certificate, under Section 83 of the Act, with request to issue the Certificate in the name of the.....Society and to deliver to him to be recovered as an arrear of land revenue.

3. Notices to the borrower and surety enclosed herewith should be delivered to the parties concerned forthwith.

Yours faithfully,  
Registrar of Co-operative Societies, Meghalaya

FORM OF SIMPLE AWARD

(Rule No.89)

OFFICE OF THE .....

Case No. \_\_\_\_\_ of 19 \_\_\_\_
District/Sub-division/Political Area.

In the matter of

Versus

Member of the

Whereas the Committee members of the .....
have made a reference in writing to me complaining that member of that Society, owes it Rs.....
..... by way of principal.....
and Rs.....by way of interest up to the .....and
evades payment of the same and whereas the said.....
after being served with a notice to show cause why a decision in favour of the said.....
..... should not be given has submitted
and explanation which is quite unsatisfactory and evasive and in which.

not submitted any explanation and
the full extent of the liability as claimed by the aforesaid Society has been denied.

Now therefore, I in accordance with Rule 88 of the Rules framed by the Government of
Meghalaya under Section 100 of the Meghalaya Co-operative Societies Act (Assam Act I of 1950)
(as adapted by the Meghalaya), hereby make the following decision against the said, viz., that he
does pay to the

Rs.....as principal and Rs.....as
interest which was due on the .....and further interest
on the principal sum adjudged at the rate of.....
percent per annum from.....together with all cost till the date of realisation
within a period of 2 months from the date of this award failing which the dues covered by this
award shall be reduced to the form of a Co-operative Demand Certificate as provided in Section
83 of the Act to be recoverable as an arrear of land revenue under the provision of the Meghalaya
Land and Revenue Regulation (Assam Regulation I of 1886) (as adapted by Meghalaya).

Given under my hand and seal, at.....
this.....day of .....19 \_\_\_\_ .

Registrar of Co-operative Societies, Meghalaya



FORM OF MORTGAGE AWARD

(Rule No.89)

OFFICE OF THE .....

Case No. \_\_\_\_\_ of 19 \_\_\_\_
District/Sub-division/Political Area.

In the matter of

Versus

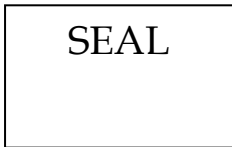
Member of the .....

Whereas the Committee members of the .....
..... have made a reference in writing to me complaining
it at.....member of that Society, owes it
Rs..... by way of principal and Rs..... by way of
interest up to the ..... and evades payment of the same and
whereas the said.....
after being served with a notice to show cause why a decision in favour of the said.....
.....should not be given has
submitted and explanation which is quite unsatisfactory and evasive and in which

not submitted any explanation and
the full extent of the liability as claimed by the aforesaid Society has not been denied.

Now therefore, I, in accordance with Rules 89 of the Rules framed by the State
Government under Section 100 of the Meghalaya Co-operative Societies Act (Assam Act I of
1950) (as adapted by Meghalaya), hereby make the following decision against the said .....
.....viz., that he does pay to the.....Rs..... as
principal and Rs..... as interest which was due on the .....
and further interest of the principal sum adjudged at the rate of .....
percent per annum from ..... together with all costs till the date of
realisation, within a period of 2 months from the date of this award, failing which the right, title
and interest of the dependent of the properties set out and described in the Schedule below will
be sold under a Co-operative Demand Certificate to be sought and issued on that behalf under
Section 83 of the said Act to be recoverable as an arrear of land revenue under the provisions of
the Meghalaya Land and Revenue Regular (Assam Regulation I of 1886) (as adapted by
Meghalaya and that if the sale proceeds should be found insufficient to discharge the dues with
subsequent interest at the above rate till the date of realisation and cost in full, the balance will be
realized by attachment and sale of other movable and immovable properties of the judgement
debtor similarly being included under a Certificate to be issued on that behalf under the said
Section of the Act.

Given under my hand and seal, at.....this.....
day of.....19 \_\_\_\_ .



Registrar of Co-operative Societies, Meghalaya

Schedule of property.-

NOTICE TO FURNISH SECURITY FOR FULFILMENT OF DEGREE

[ Rule No.94 (2)]

Under sub-section (3) of Section 64 of the Meghalaya Co-operative Societies Act (Assam Act 1 of 1950 as adapted by Meghalaya).

To.....member of the .....

WHEREAS the Committee members of the .....have filed a dispute to me that a sum of Rs.....on account of principal/or ..... and Rs.....on account of interest thereon up to.....has been due from you which you did not pay inspite of demands and that with intent to defeat or delay the execution of any decision that may be passed against you thereon, you are about to dispose or remove your property or any part of the same, you are hereby directed on or before the .....day of .....197 , either to furnish security for the sum of Rs.....(Rupees..... only) to produce and place at the disposal of this Court when required, the said property..... or the value thereof or such portion for the value as may be sufficient to satisfy any decision that may be passed against you or appear on.....at.....in my office and show cause why you should not furnish security.

Given under my hand and seal for the Court, at.....this .....day of.....19 .



Registrar of Co-operative Societies, Meghalaya

FORM OF CONDITIONAL ORDER OF ATTACHMENT BEFORE AWARD

[ Rule No.94 (2)]

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MEGHALAYA

Case No.

In the matter of the

Versus

.....members of the .....

Whereas the Committee members of the .....have made a reference in writing to me complaining that .....member of that

Society, owes it Rs. by way of  $\frac{\text{principal}}{\text{compensation}}$  with interest at and

Rs.....by way of interest up to the date of realisation and evades payment of the same and whereas the said Committee members of the Society further declare that the same member

is about to dispose of the property from the local units of the jurisdiction of the Registrar and whereas I am satisfied as to *bonafide* of Committee's reference and declaration and accordingly the said member was called upon to furnish security for the sum of Rs..... to produce and place at my disposal or the value *vide* my orders dated..... And whereas the member failed to furnish the security. Now, therefore I, in accordance with Section 64 (3) (b) of the Meghalaya Co-operative Societies' Act (Assam Act I of 1950 as adapted by Meghalaya) hereby make the following order against the said.....that the right, title and interest of the defendant in the properties set out and described in the Schedule below be forthwith attached and shall remain attached until further orders.

This attachment will be vacated at any time if the defendant furnishes security to the satisfaction of the Registrar.

This decision is enforceable as a decree of the Civil Court having local jurisdiction.

Dated  
 The 19 . Registrar of Co-operative Societies, Meghalaya

SCHEDULE

Form of Order Sheet

[Rule No.98 (6) (12)]

No. of Proceedings of Orders	Order of Proceedings	Signature of Liquidator with date



**Notice of change of registered address**

*Address of societies.-* Notice is hereby given, pursuant to section 40 of the Meghalaya Co-operative Societies' Act (Assam Act I of 1950 as adapted by Meghalaya), by.....(name of Society) registered on.....under certificate of registration No..... of .....of the alteration in the address of the registered office of the Society.

Previous address	Present address	Date of changes

Certified that the change of address of the Society set forth above was adapted under resolution No.....of the meeting of the Administrative  
Managing

Council dated the .....197 .  
Committee

Signature of Signature of (1).....

CHAIRMAN

- (1)
- (2)
- (3)
- (4)
- (5)

(2).....  
SECRETARY

The 15<sup>th</sup> December, 2008

**No.COD.78/77/Pt. I/7.-** In exercise of the powers conferred by Section 100 of Meghalaya Co-operative Societies Act (Assam Act I of 1950 as adapted by Meghalaya), the Government of Meghalaya are pleased to make the following rules to amend the Meghalaya Co-operative Societies Rules (Assam Rules 1953 as adapted by Meghalaya), namely.

1. **Short title and commencement.** (1) These rules be called the Meghalaya Co-operative Societies (Amendment) Rules, 2008.

(2) They shall come into force on the date of their publication in the Official Gazette.

**Amendment of Rule 8.**

Provisions in the Byelaws Of a Co-operative Society).

(1) The Amendment Rule, 2003 Clause 5 (i) in Rule 8 Sub-Clauses (o) and (p) be deleted and the Principal Rule 8 Sub-Clause (o) and (p) be retained.

(In the case of a credit society)

The Amendment Rule 2003, Clause 5 (iii) (b) of Rule 8 be deleted and the Principal Rule 8 (b) be retained.

**Amendment of Rule 12.**

(Amendment of Byelaws at the Suggestion of the affiliating Co-operative Society).

(2) The Amendment Rule, 2003 at Clause 8 on Rule 12 be deleted and the Principal Rule 12 be deleted.

**Amendment of Rule 15.**

(Rights and Liabilities of Members).

(3) The Amendment Rule, 2003 Clause 11 (i) of the amended Rule 15, Sub-Rule 1-Sub Clause (a) the words "eight annas or exceeded two rupees" be deleted and the word "five rupees" be substituted.

In Rule 15 (b) of the Principal Rule, the words "than one rupee be deleted" and the words "ten rupees" be substituted.

**Amendment of Rule 17.**

Promoters.

(4) In the Amendment Rule, 2003 amended Rule 17 (b) at Clause 12 be deleted and the Principal Rule 17 (b) be retained.

**Amendment of Rule 27.**

(5) The Amendment Rule, 2003 at Clause 15 (i), the amended caption be deleted and the caption on the Principal Rule 27 be retained.

The Provision of the Amendment Rule 2003, on Rule 27 Clause (ii) shall be deleted and be substituted as follows:-

(i) "The Directors of a Co-operative Society shall retire after 3 (three) years but shall be eligible for re-election for another term";

(ii) "The Annual General Meeting to elect new Directors of a society in place of those who have retired should be held within three months from the date on which the General Meeting falls due"

**Amendment of Rule 29.**

(6) The entire provision of Rule 29 of the Principal Rule be deleted.

- Amendment of Rule 36.** (7) The words “as well as biennial meeting of the Amendment Rule 2003 at Clause 22 (ii) be deleted and Rule 36 (II) of the Principal Rule be retained
- Amendment of Rule 46.** (8) In the Amendment Rule, 2003 Rule 46 (II) “fifty paise” be deleted and substituted by the words “two paise”.
- Amendment of Rule 49.** (9) The Amended Rule 49 (I) of the Amendment Rule, 2003 be deleted and the Principal Rule 49 be retained.
- Amendment of Rule 50.** (10) (i) In Rule 50 (1) and (2) of the Principal Rule the word “and non-members” appeared in the 3<sup>rd</sup> line be deleted except in case of Co-operative Banks as they are covered by the B.R. Act of 1949.  
(ii) The Amended Rule 50 (ii) of the Amended Rule 2003 be deleted and the Principal Rule 50 (2) be retained.
- Amendment of Rule 59.** (11) In the Principal Rule 59 (I) the word “6¼” be deleted and substitute by the word “10” and the word “Rupees 200” be substituted by the word “Rupees 1000”;
- Amendment of Rule 60.** (12) In the Principal Rule 60, the word 6¼ be replaced by the word “10”.
- Amendment of Rule 73.** (13) In the Principal Rule 73 (4) (a) the word “annas eight” be replaced by the word “Re. one, and the word “Rupees 150” be replaced by the word “Rupees 500”,
- Amendment of Rule 75.** (14) The Amendment Rule, 2003 at Clause 45 be deleted and Rule 75 of the Principal Rule be retained, and the existing provision of the Principal Rule the followings be substituted. Rule 75 (b) the caption “Chief Auditor” be substituted by words “Registrar of Co-operative Societies” and the words “Regional Auditors” be replaced by the words “Assistant Registrar/Sub-Registrar of Co-operative Societies”.
- Amendment of Rule 81.** (15) The Amended Rule 81 (I) of the Amendment Rule, 2003 be deleted and the Principal Rule 81 be retained.
- Amendment of Rule 82.** (ii) A new provision be added in Rule 82 of the Amended Rule Clause 48 Insured Co-operative Bank and as follows.-
1. Any insured Co-operative Bank shall adhere to the circulars/instructions issued by Reserve Bank of India from time to time in the matter of winding up or dissolution of the Bank.
  2. Any Co-operative Bank shall adhere to the circulars instruction issued by the Reserve Bank of India from time to time in the matter of recovery of Non-Performing Assets.
- Recovery of Non-Performing Assets rule.**
- Amendment of Rule 99.** 18. (i) The provision of the Amended Rule 99 (4) Clause 57 of the Amendment Rule 2003 and the words, “including

the remuneration of the liquidator” appeared in third line of the Principal Rule 99 be deleted and a new proviso (a) be inserted.

(ii) “Any sums that remain after may be transferred to the liquidation fund maintained at the District/Sub-Division level in any branch of the Meghalaya Co-operative Apex Bank Ltd.

(iii) The word “6¼” as provided in Rule 99 (3) of the Principal Rule be replaced by word “10”.

**CHAPTER - XI - A**  
**CO-OPERATIVE CREDIT SOCIETIES/CO-OPERATIVE BANK**

**Rule 10**

- (1) Any Co-operative Bank registered under the provision of the Banking Regulation Act, shall function within the purview of the Act and the Reserve Bank of India circulars and instructions.
- (2) On the supersession of the Board of Directors of a Co-operative Bank, Rule 41 of the Principal Rule shall apply with the prior approval of the Reserve Bank of India.

**A.SOM,**  
Commissioner and Secretary to the Govt. of Meghalaya,  
Co-operation Department.