



# The Sindh Government Gazette

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## PART-I

### GOVERNMENT OF SINDH COOPERATIVE DEPARTMENT

Karachi, dated the 1<sup>st</sup> October, 2020.

NO.SO(SA)II(11)/2017(Pt-1):- In exercise of powers conferred under section 118 of the Sindh Cooperative Societies Act, 2020, the Government of Sindh are pleased to make the following rules:-

1. **Short title and commencement.** (1) These Rules may be called the Sindh Cooperative Societies Rules 2020.  
 (2) They shall come into force at once.
2. **Definitions.** (1) In these rules, unless there is anything repugnant to the object or context –  
 (i) "Act" means the Sindh Cooperative Societies, Act 2020;  
 (ii) "section" means the section of the Act;  
 (2) The words and expressions used but not defined in these rules shall have the meanings assigned to them in the Act.

### REGISTRATION.

3. **Application for registration.** (1) Every application for the registration of a society under sub-section (1) of section 9 shall be in the form of Schedule 'A' hereto annexed.  
 (2) In addition to the copy of the by-laws which is required to accompany the application for registration under sub-section (3) of section 9 two other copies of the proposed bye-laws of the society shall be forwarded therewith.  
 (3) In case where one of the members of the society to be registered is a registered society, a member of the Managing Committee of such registered shall be authorized by such Committee by resolution to sign the application for registration and the bye-laws on its behalf, and a copy of such resolution shall be appended to the application.

(4) The application for registration must be accompanied by the particulars of persons signing the application including their names, father's name, caste, profession, monthly income, CNIC numbers, complete address and contact numbers.

(5) The persons signing the application for registration must be residents of the area where the society proposed to be registered.

(6) An undertaking must be accompanied with the application for registration stating therein that if the society after registration fails to achieve its objects within a period of two years, the registration of the society will be liable to be cancelled.

**4. Decision of Registrar to be communicated in case of refusal to register.** If the Registrar refuses to register the society or of its by-laws under Section 10, he shall communicate to the applicants his reasons for so doing.

#### BYE-LAWS

**5. Matters in respect of which a society shall or may make bye-laws.** (1)

The matters in respect of which every society shall make bye-laws are the following:-

- (a) the name and address of the society and its branches, the tribe, class, caste or occupation of its members if the membership is proposed to be so restricted, and the area for which it is to be registered;
- (b) the object of the society, the purposes to which its funds are applicable, the terms of admission of members, and their rights and liabilities, the consequences of default in payment of any sum due by a member and in the case of credit societies, the conditions on which loans may be granted, and the rate of interest and the system of calculation of interest and the maximum number of members that may be admitted; and, in the case of non-credit societies, the mode of conducting business, purchase, sale, stock-taking, and other like matters;
- (c) the mode of holding meetings, and, subject to the provisions of rules 6 and 7, the manner of making, altering and abrogating bye-laws;
- (d) the mode of appointments and removal of members of the committee and the officers, if any, and the duties and powers of the committee and officers;
- (e) the manner in which capital may be raised;
- (f) the mode of custody and of investment of funds, and, subject to rules 18, 21, 23 and 25, the mode of keeping of accounts; and
- (g) the distribution of its profits.

(2) Every society may make bye-laws in respect of any other matters incidental to the management of its business.

**6. Bye-laws.** When a society has been registered, the bye-laws submitted under sub-section (3) of section 9 shall, subject to any modification approved by the Registrar, and adopted at a general meeting, having a quorum, by majority of not less than two-thirds of the members present at such meeting, become the bye-laws of society.

**7. Amendment of bye-laws.** Bye-laws may be made, altered or abrogated by a resolution passed at a general meeting of the society; provided that -

- (i) due notice of any proposal to make, alter or abrogate the bye-laws is given in accordance with the bye-laws to the registered members of the society through registered post and through leading newspapers;
- (ii) the notice must be accompanied by the set of proposed amendments for information of the members of the society;
- (iii) the resolution is passed by not less than two-thirds of the members present at the general meeting at which a quorum shall be present

or, at an adjournment general meeting (at which if a quorum is not present members present shall form a quorum) and a copy of the resolution is forwarded to the Registrar within a period of three months from the date of the meeting. A copy of the existing bye-law or by-laws, so marked as to show the alterations proposed to be made, and three copies of the proposed amendments signed by the officers of the society, shall be attached to the copy of the resolution; and.

- (iv) the making, alteration or abrogation of the bye-laws is approved and registered by the Registrar.

**8. Special general meeting at the instance of Registrar.** Notwithstanding anything contained in these rules or bye-laws of a society as to the manner of summoning a General Meeting and a notice to be given, for the said purpose, any person authorized in this behalf by the Registrar may call a special general meeting for which a requisition has been made by the Registrar under sub-section (2) of section 13 in such manner and at such time and place as the Registrar may direct. A special general meeting so convened shall have powers to transact all business including the election of the society which can be transacted at the annual general meeting under the bye-laws framed by the society and such other business as is specially mentioned in the requisition made by the Registrar. The persons authorized by the Registrar in this behalf shall have all the powers to convene the Special General Body Meeting strictly in accordance with the provisions of registered bye-Laws of the society.

**9. Annual General Body Meetings.** (1) The Annual General Body Meeting of the society shall be held every year within a period of three months of the date of making of the society's accounts i.e. 30<sup>th</sup> September, every year in accordance with section 12.

(2) The election of the society shall be held every year in accordance with section 12 (1), for the post of President and 1/3rd of the managing committee members.

(3) The managing committee shall arrange for holding of elections before the date of expiry of its terms under intimation to the Registrar, failing which the Registrar may hold the election by calling Special General Body Meeting in exercise of powers under section 13 (2) of the Act and rule 7.

(4) No one shall be eligible to contest the election to any office of the managing committee for consecutive more than two times. However after a gap of one year, such member will be eligible to contest the election for next two times.

(5) An election committee comprising of two members of the society (who are not contesting the election themselves) and Election Officer nominated by the Registrar shall conduct the election as per registered bye-laws and Election Rules of the society.

(6) The society shall frame Elections Rules keeping in view the rules made for general election, duly approved by the Registrar.

(7) The intimation of General Body Meeting and Election shall be made to the registered members of the society through post and through leading newspaper as well.

**10. Loans and deposits.** Every society with unlimited liability shall, from time to time, fix in a general meeting the maximum liability which it may incur in loans and in deposits from non-members. The maximum so fixed shall be subject to the sanction of the Registrar, who may at any time reduce it, for reasons to be communicated by him to the society in writing, and may prescribe a period, not being less than four months, within which the society shall comply with his orders. No such society shall receive any loan or deposit from a non-member which will make its liability to non-members exceed the limit sanctioned by the Registrar.

**11. Restrictions on borrowing societies with limited liability.** No society with limited liability shall incur liabilities from persons who are not members exceeding in total fifteen times the total amount of its paid-up share capital, accumulated reserve fund, and building fund, minus accumulated losses. In calculating the total amount of liabilities for the purposes of this rule, in the case of an agricultural sale society, purchase and sale society, or a multi-purpose sale society, specified by the Register by general or special order in that behalf, a sum equal to the amounts borrowed by such society from a banking society for giving advances on the security of agricultural produce shall be deducted from the amount of actual liabilities if such society and in the case of the Provincial Co-operative Bank Ltd., a sum equal to the face value of the gilt-edged securities owned by the Bank up to an amount of the paid-up share capital of the Bank shall be deducted from the amount of actual liabilities of the Bank.

**12. Application of rule 10 to mortgage societies.** The provisions of rules 10 shall apply to land mortgage societies and District Industrial Associations registered under the Co-operative Societies Act, 2020, with the modification that for the words "fifteen times" occurring herein the words "twenty times" shall be substituted.

**13. Shares not to be hypothecated to that society.** The shares of a society shall not be hypothecated to that society by its members as a security for a loan.

**14. Value of share of a member.** If a member resigns his membership of a society or dies, the sum representing the value of interest in the capital of the society to be paid to him or his nominee, heir or legal representative, shall be ascertained as under:—

- (i) In the case of a society with unlimited liability, it shall be the actual amount received by the society in respect of such share or interest;
- (ii) In the case of a society with limited liability, it shall be the amount arrived at by a valuation based on the financial position of the society as shown in the last audited balance sheet preceding the resignation or death of such member; provided that it shall not exceed the actual amount received by the society in respect of such share or interest.

**15. Deposits with agricultural credit societies.** Agricultural credit societies shall not accept deposits which are not fixed for a period of at least two months, except savings deposits in such societies as have made in their bye-laws provision for the encouragement of thrift among their members by the opening of savings accounts.

**16. Loans on surety ship of non-members.** No society shall make any loan to a member on a bond secured by the surety ship of a non-member; provided that the Registrar may, for special reasons, exempt any society by name from the operation of this rule.

**17. Writing off of losses.** Losses may be written off against the reserve fund of any society, and in the case of limited liability societies, if the losses exceed the reserve fund, the balance remaining may be written off against the share capital of society:

Provided that—

- (i) no losses shall be written off without the sanction of a general meeting;
- (ii) before any such losses are so written off, the society, if it is affiliated and indebted to a Central Bank, shall obtain the approval of the Central Bank in writing, which approval shall be given after consultation with the Assistant Registrar, and shall be countersigned by him. If the society is not so affiliated, or if the society is so affiliated and is not indebted to the Central Bank, it shall first obtain the approval of the Assistant Registrar in writing; and
- (iii) if the society itself is a Central Bank, the approval of the Provincial Co-operative Bank, given in consultation with and countersigned by the Registrar, shall first be obtained;

Provided further that the Assistant Registrar or the Registrar, as the case may be, may while according or countersigning the approval, impose such condition as to the restoration of part or whole of the amount written off to the reserve fund from out of future profits, as he deems fit.

**Explanation.** 'Losses' includes losses on account of bad debts also.

**18. Accounts, returns and documents.** (1) Every society shall keep the following accounts and books, viz.:—

- (a) A register of members including persons nominated under section 37;
- (b) A Register of beneficial owners of the members. (b) A register of shares and debentures;
- (c) A shares transfer register;
- (d) Cash account;

- (e) Members' loan account;
- (f) Deposit account;
- (g) Loan register;
- (h) Interest accounts;
- (i) Expense account;
- (j) Bank account;
- (k) Minute book, recording the proceedings of general meetings;
- (l) Minute book, recording the proceedings of the Committee;
- (m) Register of members' credit worthiness;
- (n) Plot Allotment Register;
- (o) Plot Transfer Register;
- (p) Property Register;
- (q) Such other accounts and books as may from time to time be prescribed by the Registrar; provided that the Registrar may exempt any society or class of societies from the operation of clause (xiii) mentioned above.

(2) Societies other than credit societies shall keep the accounts and books mentioned in clauses (a), (d), (k) and (l) of sub-rule (1) and such other accounts and books as may be approved, or from time to time, required by the Registrar.

(3) The Registrar may, by order in writing, direct any society to get any or all the accounts and books required to be kept by it under sub-rule (1) and (2) written up to such date, in such form and within such time as he may prescribe.

(4) The accounts and books by a society shall be maintained and kept at the registered address of the society by the Secretary.

**19. By whom copies of documents or entries may be certified.** (1) For the purpose of section 41, copies of documents or entries in the books of a society may be certified by the Chairman and/or Secretary of the society.

(2) The Chairman and Secretary of the society must be a resident of the same town or village where the society is registered.

**20. Inspection of documents.** (1) Any member of the public shall be permitted, on payment of a fee of one rupee for each inspection, to inspect for any lawful purpose any public document (exclusive of public documents privileged under Articles 6, 7, 12 and 14 of the Qanun-e-Shahadat Order, 1984) filed in the office of the Registrar and in particular the following documents, namely:-

- (i) Application for registration of a society.
- (ii) The Registration Certificate of a society.
- (iii) The registered bye-laws of a society including any amendment made in such bye-laws.
- (iv) An order for the winding up of the affairs of a society.
- (v) An order for the appointment of a Liquidator.
- (vi) An order canceling the registration of a society.
- (vii) The annual accounts of a Society or its annual balance-sheet.

(2) The Registrar shall give certified copies of the documents which are liable to inspection as mentioned in sub-section (1) above, to a person demanding the same on payment of fee as specified hereunder:-

(i) For Registration Certificate of society		Rs.300
(ii) In case of other documents, a sum calculated at the following rates:		Rs.100
(a) First 200 words or under		Rs.100
(b) Every additional 100 words or Fraction thereof		Rs.100

**21. Registrar may require statements and returns to be furnished.** The Registrar may require any society to submit any statement and any periodical return of receipts and disbursements on such dates and in such form as he may prescribe.

Every Cooperative society shall submit a property register to the Register on such dates and in such form as he may prescribe.

**22. Preparation of necessary statements or returns or accounts or books at the expenses of the societies.** In case of failure by any society to submit any statement or return mentioned in rule 19 or to maintain any account or books mentioned in rule 16 or to get such accounts or books written according to the direction given by the Registrar under rule 16, the Registrar may depute an officer of Government to prepare the necessary statements, or returns or accounts or books at the expense of the society. Such expenses shall be recoverable from the society in the manner specified in section 112.

**23. Periodical financial statement to be furnished.** All registered societies classified by the Registrar shall submit to that officer a quarterly finance statement in the form prescribed by Government for the quarters ending March 31st, June 30th, September 30th, and December 31st, not later than April 15th, July 31st, October 15th and January 15th, respectively.

**24. Maintenance of fluid resources.** All societies which obtain portion of their working capital by deposits, shall maintain such fluid resources as may from time to time be prescribed by the Registrar.

**25. Annual balance-sheet.** (1) On or before 30th September of each year, the Committee of every society shall publish an annual balance sheet showing –

- (a) the profit and loss, and
- (b) the receipts and expenditure of the previous financial year, and
- (c) the assets and liabilities as they stood on June 30<sup>th</sup>. The balance-sheet shall be in such form as the Registrar may prescribe for any society or class of societies. This balance-sheet shall be opened to the inspection of any member during office hours at the office of the society and a copy thereof shall be submitted before September 30<sup>th</sup> to the Registrar and to the Auditor appointed by the Registrar for the audit of that society.

**26. Transfer of interest.** The name and address of every person nominated under section 37 and any revocation or variation of such nomination shall be entered in the register kept under rule 16, sub-rule (1), clause (a).

**27. Nomination of persons.** (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 under section 37 to look after his share or interest in the society or so much thereof as may be specified in such nomination. However after the death of the member, the share/interest of the deceased will be transferred to all the legal heirs of the deceased member after confirmation of heirship from the concerned authority/court.

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

**28. Distribution of profits.** In calculating the profits of a society for the year, all accrued interest which is overdue shall be deducted from the gross profits of the year before the net profits are arrived at. All accrued interest, that has been so deducted from the profits of the year and is actually recovered during the subsequent year, may be added to profits of the subsequent year.

**29. Distribution of Bonus.** No registered society shall distribute any bonus or shares beyond the dividend declared under section 50.

**30. Payment of dividend by consumers', producers' or housing societies.** (1) No society shall pay its shareholders a dividend exceeding ten percent in any year on the paid-up share capital standing in the name of each shareholder. If a society is unable to pay dividend of ten percent in any year, it may make good the deficit by paying the difference out of profits in future years.

(2) (a) No Resource or General Society shall, without the previous written sanction of the Registrar, pay to its shareholders a dividend exceeding ten percent, (inclusive of, bonus, if any) in any year on the paid-up share capital standing in the name of each shareholder.

(b) Such society may credit in any year a sum not exceeding two per cent on the paid-up share capital to a fund called 'the Dividend Equalization Fund' until the total amount in such fund amounts to ten percent of the paid-up share capital. Except for the purpose of paying a dividend, no withdrawals from such fund shall be made without the previous written sanction of the Registrar.

(3) No society shall declare a dividend at a rate exceeding that recommended by its Managing Committee or Board of Directors, as the case may be.

**31. Dividends not paid by society.** No dividends shall be paid by any society otherwise than out of profits of the year or any other undistributed profits.

**32. Distribution of balance of profits.** Any distribution of the remaining balance of profits under section 52 and after the distribution of dividend under section 50, shall be in accordance with the bye-laws of the society regarding such distribution. It shall be in proportion to the wages earned by each member in the case of a producers' society, and to the amount of goods purchased by each member, or, where it is so provided, in the bye-laws, by each member or customer, in the case of a consumers' society. It shall also be in proportion to the amount of rent paid by each member in the case of a Housing Society, and, in the case of a resource society, may be in proportion to the goods obtained or sold through the society by each member, or to the loans borrowed from, and the deposits made with, the society by each member.

**33. Limitation on the payment of dividend or bonus.** (1) Subject to the provision of sub-section (2) of section 51 and clause (b) of section 52, in a society with unlimited liability in which members held shares, no dividend or bonus shall be paid until ten years have elapsed from the date of its registration. In the eleventh year, the accumulated net profits of previous years, less the amount carried to the reserve fund, may be appropriated among the members in the form of permanent shares, which will not be returnable except to widow, minor nominees of destitute members and past members subject to the approval of the Registrar in the twelfth and each following year, after at least one-fourth of the net profits of the year have been carried to the reserve fund, a dividend not exceeding 10 per cent, on each fully paid-up share may be paid from the remainder of the profits.

**Explanation.-** (1) In the case of a society formed by splitting up of a society or the amalgamation of two or more societies, its date of registration for the purpose of this sub-rule shall be deemed to be the date of the registration of the original society or societies, as the case may be.

(2) No dividend shall be paid by any society while any claim overdue from the society to a depositor or lender remains unsatisfied.

(3) The Registrar may, by general or special order, direct that a society shall not pay dividend or pay it at a reduced rate so long as it receives loans or deposits from non-members other than a Central Bank.

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

Provided that any loss or portion of loss on account of bad debts written off during the year may not be so debited if it be deducted from any bad debt or with the sanction of the Registrar from the Reserve Fund.

**35. Co-operative conference and contributions to expenses thereof by societies.** No society shall contribute any money towards the expenses of any co-operative conference unless such conferences held under the auspices of a society which is authorized by its bye-laws to hold such conference. The Society holding the conference shall keep separate accounts of its income and expenditure due to such conference and such accounts shall be opened to audit by the Registrar or the person authorized by him under section 30.

**36. Investment of funds.** With the previous sanction of the Registrar any society may invest its funds or a portion thereof (a) in the shares of the State Bank of Pakistan constituted under the State Bank of Pakistan Order, 1948, (b) in the purchase or leasing of land or building, and (c) in the construction of buildings; provided that the purchase of such land or the construction of such buildings, is likely to be advantageous to the society in the conduct of its business.

**37. Reserve fund.** The reserve fund of any registered society may be utilized in the business of the society, or be invested or deposited in any of the ways mentioned in clauses (a), (b), (c) and (d) of section 49. The Registrar may, for reasons to be communicated in writing by him to the society, by general or special order, direct that the latter course be adopted. In the case of a society constituted with the object of cooperative housing on a co-partnership tenancy basis, the reserve fund may be utilized for expenditure on the maintenance, repair and renewal of the buildings of the society.

**38. Building fund.** The fund created by a registered society for the purpose of constructing buildings, shall be called the building fund. The amount of such fund may when it is not utilized for the construction of building be used in the business of the society or be invested or deposited in the same manner and subject to the same conditions as the reserve fund of such society is permitted to be used, invested or deposited under the Act and these rules.

**39. Levy of audit fees.** The Registrar may with the previous sanction of the Government levy audit fees on all societies. The Registrar shall employ the proceeds of such audit fees in maintaining a staff to audit the accounts of the societies. Such audit fees shall be recoverable under section 108.

**40. Audit of accounts of consumers' societies.** (1) Consumers' Societies with a working capital exceeding rupees fifty thousand (Rs.50,000) may at their option arrange for their own annual audit independently. The societies arranging for their own audit shall report the fact to the Registrar before the 1<sup>st</sup> of May every year. Failing the receipt of such report from any Consumers' Society before the 1<sup>st</sup> of May in any year, the Registrar shall arrange for the compulsory audit of such society by an official auditor. When the audit is made by an official auditor, a fee of rupees ten (Rs.10) per day for the whole period of the audit (a portion of a day being treated as a full day) shall be recovered from the society and credited to Government.

(2) If, after an inquiry under section 55 or an inspection under section 56, the Registrar has grounds for thinking that the audit arranged independently by the society has been seriously defective, he may order the official auditor to make a fresh audit of the society, and may recover the cost of the audit from the society.

**41. Liquidation.** Where a Liquidator has been appointed under section 64, the following procedure shall be adopted:-

- (I) The appointment of the Liquidator shall be notified by the Registrar in the Official Gazette.
- (II) The Liquidator shall at once take charge of the books and property and assets of the society and publish by such means as he may think proper a notice requiring all claims against the dissolved society to be notified to him within two months of the publication of the notice. He shall thereafter proceed to take such further action as he is empowered to take under the Act. All liabilities recorded in the account books of the society shall be deemed to have been duly notified to the liquidator.

- (iii) The Liquidator shall make separate orders against the various members and past members of the society, noting the amount to be realized from each as a contribution under clause (d) of section 68 and as the cost of liquidation under clause (1) of the said section. These orders shall be submitted for approval to the Registrar, who may modify them or refer them back to the Liquidator for further inquiry or other action or may forward them for execution under section 75.
- (iv) If the sum assessed against any member is not recovered, the Liquidator may frame a subsidiary order or orders against any other member or members to the extent of the liability of each of the debts of the society, until the whole amount due from members is recovered, and these orders shall be dealt with in the same way as orders under sub-rule (3).
- (v) The Liquidator shall submit a quarterly progress report to the Registrar in such form as the Registrar may require.
- (vi) All funds in the charge of the Liquidator shall be deposited either in the Post Office Savings Bank or in a Central Co-operative Bank, and shall stand in his name.
- (vii) Where recovery of dues is made by village officers, the Liquidator may pay to such officer's remuneration at the rate of one per cent of the amount collected by such officers.
- (viii) The Registrar shall fix the amount of fee, if any to be paid to the Liquidator.
- (ix) At the conclusion of the Liquidator a general meeting of the members of the dissolved society shall be called at which the Liquidator shall summarize his proceedings, point out the causes of the failure of the society, and report what sum, if any, remains in his possession after meeting all the liabilities of the society, as determined under these rules.
- (x) The record of a society that is being wound up shall be kept in such place and by such person as the Registrar may direct.

**42. Execution of orders.** Every order passed by the Registrar under section 69 shall, if not carried out, be executed, in accordance with section 75.

**43. Recovery of costs of execution when property is not sold.** When recovery is made under section 80 in execution of any order referred to in the said section, and the property is not sold in such execution the Registrar may order the expenses of such recovery to be paid by any party in default according to scale laid down by him not exceeding in the aggregate five per centum of the amount of the dues.

**44. Disposal of records of a society whose registration is cancelled.** (1) When an order directing a society to be wound up is issued under section 64 and no Liquidator is appointed, the officers of the society which is wound up shall, within Fifteen days of the publication of the order in the Provincial Gazette send by registered book post or Railway parcel, the records and books of the society to the Assistant Registrar or hand over the same to the local Auditor.

(2) When the affairs of a society for which a Liquidator has been appointed, have been wound up and an order canceling the registration is made under section 66, the Liquidator will forward all the books and records of the cancelled society, and all his own papers and proceedings, by Railway parcel to the Assistant Registrar, together with an account of his expenses, showing how the balance has been disposed of and attaching the receipt of the person to whom it was handed over.

**45. Interest in Liquidation proceedings.** On any debt, which is due from a society that is being wound up, the creditor may prove for interest up to the date of the Registrar's order for winding up at a rate, which in the case of the Provincial Co-operative Bank or Co-operative Bank or a District Co-operative Bank or other Co-operative Bank permitted by the Registrar to finance societies, shall be the contract

rate, and in other cases shall be a rate to be fixed by the Registrar and no exceeding the contract rate:

Provided that, if any surplus assets remain after all liabilities, including liabilities on shares, have been paid off, further interest on such debts at a rate to be fixed by the Registrar and not exceeding the contract rate may be allowed to creditors from the date mentioned above up to the date of the repayment of the principal.

**46. Service of summonses—miscellaneous.** Summonses issued by the Registrar, or by a person authorized to hold an inquiry or to make an inspection or by the Auditor or Liquidator shall, if sent for service to a Mukhtiarkar to be served by such officer.

**47. Fees to be credited to Government.** All (fees) fines levied under section 100 and 101 shall be credited to Government of Sindh.

**48. Mode serving summonses.** (1) A summons issued by any of the officers mentioned in rule 40 may be served personally or through a Mukhtiarkar or any member of the Co-operative Department or any Honorary Organizer or Chairman or Secretary of the society or by registered post, acknowledgement paid.

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

(3) The person issuing the summons may examine the serving officer on oath, or cause him to be so examined by the Mukhtiarkar through whom it's served, and may make such further inquiry in the matter as he thinks fit; and shall either declare that the summons has been duly served, or order it to be served in such manner as he thinks fit.

**49. Restriction on membership of two credit societies.** (1) No person being a member of a co-operative credit society or any society dispensing credit other than a land mortgage bank or a central financing society or a sale society, shall be a member of any other society of a similar type without the general or special sanction of the Registrar and where a person has become a member of two or more such societies, any or all such societies shall be bound to remove him from membership upon receiving written requisition from the Registrar to that effect.

(2) Credit societies or societies dispensing credit shall not admit as members of an unregistered firm, partnership or association of individuals.

(3) No person being a member of the managing committee of any society shall be a member of the managing committee of any other society having similar objects of the society of which he is already a member of managing committee.

**50. Expulsion of member.** (1) The Registrar shall have power to expel from any registered society a member who in the Registrar's opinion is a persistent defaulter or who does any act prejudicial to the interest of the society.

Provided, however, that the member so expelled shall always have the right to appeal to Government against such order.

(2) The Registrar shall have the power to entertain any application from the managing committee of a society for building his opinion in this regard.

**51. Societies not be involved in controversial matters of a religious character.** No society may take any action which would involve the society in the discussion or propagation of controversial opinions of a religious character, and the Registrar may prohibit any action or rescind any resolution which in his opinion is of such a tendency.

**52. Registrar to keep a record of names, addresses and bye-laws of societies.** The Registrar shall keep a register of the names and addresses of all

registered societies and shall record a copy of the registered bye-laws and subsequent amendments to the by-laws of such societies.

**53. Disputes.** (1) If any dispute touching the business of a society other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society arises -

- (a) between members or past members of the society or persons claiming through a member or past member; or
- (b) between members or past members or persons so claiming and any past or present officer, agent or servant of the society; or
- (c) between the society or its committee and past or present member of the society; or
- (d) between the society or its committee and any past or present officer, agent or servant of the society, or a surety of such officer, agent or servant, whether such surety is or is a member of the society or surety of such officer, agent or servant, whether such surety is or is not a member of the society;
- (e) between a society authorized under sub-section (1) of section 45 and a person who is not a member of a society.

it shall be referred to Cooperative Court established under section 117 established by Government with the concurrence of the Chief Justice of the Sindh High Court, by notification.

(2) Any party aggrieved by any decision, order or judgment of the Special Court for Cooperatives may within 30 days of the date of such decision, order or judgment, appeal to the High Court of Sindh.

**54. Supersession of committee.** (1) Notwithstanding anything contained in the bye-laws of a society other than a housing society, the Registrar may, by order published with reasons thereof in the Official Gazette, supersede the committee or a society for a period to be specified in such order.

(2) The period of suspension specified in an order under sub-rule (1) may from time to time be extended by the Registrar.

(3) All powers and duties of the committee shall, during the period of supersession, be exercised and performed by such person or persons not exceeding nine as the Registrar may from time to time appoint in this behalf.

(4) The person or persons appointed under sub-rule (3) shall hold office for a period of two years.

(5) On the expiry of every two years period, if the order of supersession is still in force, fresh appointment of person or persons shall be made by the Registrar for a period of two years, or for the period during which the order of supersession is in force, whichever is less.

(6) Before making an order under sub-rule (1) or sub-rule (2), the Registrar shall -

- (a) give the society an opportunity to show cause why such an order should not be made; provided that if an emergent measure, taking of immediate action is necessary, such opportunity may be dispensed with, but such opportunity shall be afforded to the society as soon, thereafter, as is possible;
- (b) if the society affiliated to a financing bank, consult such bank regarding such action and the provision to be made for management of the affairs of the society;

(7) Nothing in this rule shall affect the bye-laws of the society relating to the meetings of the committee.

(8) Nothing in this rule shall be deemed to affect the powers of Registrar to cancel the registration of a society under section 65.

**55. Deduction of salary.** The deduction from salary or wages under sub-section (1) of section 113, shall not exceed one-third, round off in the manner provided in this rule, of the salary or wages payable to a member of a society, the rounding off shall be done by deleting all fractions of a rupee up to but excluding half and counting half and all higher fractions as one rupee.

**56. Power and duties of the committee.** (1) The business of every registered society shall be managed by the committee subject to the provisions of the Act and these rules and subject to such bye-laws, not being inconsistent with the Act or these rules as have been passed in general meeting and registered under the Act, but no bye-law registered under the Act, shall invalidate any prior act of the committee which would have been valid if that bye-law had not been made registered.

(2) The committee shall take such security from servants and officers of the society as the committee may decide with the sanction of the Registrar.

(3) If, in the opinion of the Registrar the number of persons who are employed by a committee as officers or servants or whom a society proposes to employ or the remuneration assigned by the committee to those persons or to any particular person is excessive, the committee shall, on the requirement of the Registrar, reduce the number of the said persons; or the remuneration of the said person or persons.

Provided that the committee may appeal against any such requirement to the Government, whose decision shall be conclusive.

(4) Notwithstanding anything contained in the bye-laws of any society, except societies with unlimited liability and those having less than rupees twenty thousand (Rs.20,000) paid up share capital, a committee shall not sanction a loan in any form to a member of the committee or to an officer or servant of the society without the prior sanction of Registrar.

Provided that if such sanction is refused, the borrower may appeal to the Government against the orders of the Registrar.

**Explanation.** For the purpose of this sub-rule, grant of a loan includes suretyship for a loan.

(5) Notwithstanding anything contained in the bye-laws of a society other than a land mortgage bank, the committees shall not advance a loan in any form of a total period exceeding three years, inclusive of extensions, if any, and shall not deposit or invest its funds in the 1st mortgage on immovable property under section 45, without the prior sanction mentioned in sub-rule (2) of this rule.

(6) Every society shall subject to the provisions of Act, will establish the information as established in Schedule-B in respect of ultimate beneficial owners.

(7) The Secretary of the society will update the information as prescribed in rule 56(6) within ten days in the books of the society, and provide the said information after updation within ten days to the Registrar.

(8) The Registrar will update the said information as provided under 56(7) within fifteen days' time.

**57. Qualification of members of committee.** (1) No member of a society shall be on the committee elected under the bye-laws, who –

- (a) has been sentenced by a criminal Court to imprisonment or whipping for an offence punishable with imprisonment for a term exceeding six month, or to transportation, such sentence

not having been subsequently reversed or quashed; if, and so long as such sentence has not expired; or

- (b) has been removed from office under rule 54, unless he has by an order which the Registrar is hereby empowered to make in this behalf, has been relieved from the disqualification arising on account of such sentence or removal from office; or
- (c) who is an uncertified bankrupt or an un-discharged insolvent or legally disabled, to contract; or
- (d) who is less than 21 years of age; or
- (e) who is of unsound mind; or
- (f) who is declared by the Registrar to be a persistent defaulter; or
- (g) who is a servant or officer and at the same time a borrower of the society;
- (h) who is interested, directly or indirectly in any contract or employment with or under or by or on behalf of the society; or
- (i) who does not hold shares of the paid-up value of at least rupees five hundred (Rs. 500); - or (i) who is already a member managing committee of any other society. No person can be a member of managing committee of two societies having similar objects at the same time:

Provided, however, that a person referred to in clause (f) of sub-rule (1) or clause (a) of this sub-rule may appeal to the Government for the removal of the disability operating in his case.

(2) Where it appears to the Registrar that a member of a committee is not qualified or has become disqualified from being or continuing as a member of such committee under the provisions of sub-rule (1), the Registrar shall issue a notice to such member to show cause why he should not be removed from his office; and if on receipt of the notice, such person either fails to show cause against the proposed action, or if the Registrar, on considering any cause shown by such member, is satisfied that such member is not qualified or has become disqualified from being continuing as a member of the committee, the Registrar shall direct that such member shall with immediate effect, cease to be a member of the committee, and such member shall thereupon cease to be a member of the committee from the date of such direction.

**58. Investment of funds.** (1) A society may, with the previous sanction of the Registrar, invest its funds or any portion thereof in the purchase or lease of land or buildings or in the construction of buildings required for the conduct of its business.

(2) In case of purchase or lease of land or building or in construction of building, if the society desires to dispose of such land or building, prior permission shall be obtained from the Registrar in writing before such disposal.

**59. Power to make Rules.** (1) The committee of every Co-operative Bank and society having a working capital of over rupees one lac, shall frame rules for regulating the appointment, removal, dismissal and promotion of its employees.

(2) The rules to be made under sub-rule (1) shall not be deemed to be in force until they have been approved by the Registrar.

(3) The Registrar may, in respect of any post under a society referred to in sub-rule (1), lay down the technical and educational qualifications of persons to be appointed to such post and also the security or securities to be obtained from such

persons and no person shall be appointed to such post that does not possess such technical and educational qualifications and furnish security or securities.

(4) Except with the previous sanction of the Registrar, no relative of any member of the committee or of the Honorary Secretary of such society shall be appointed in the service of the society.

(5) No person shall be elected on the committee of such a society or appointed Honorary Secretary of such society if any relative of his is in the service of the society.

(6) If a person is elected on the Committee of such a society, or is appointed as the Honorary Secretary of such a society, and it is at any stage discovered that any relative of his is in the employment of the society, such person shall cease to hold office on the committee or as Honorary Secretary, as the case may be.

**Explanation.** For the purpose of the Rule, a person shall be deemed to be a "relative" of another, if he is either related to such person through a common ancestor not more remote than a grandfather, or is married to a person who is so related to such other person.

60. **Repeat.** On coming into force of these rules, the Cooperative Societies Rules, 1927, in its application to the Province of Sindh, are hereby repealed.

**AKHTAR INAYAT BHURGRI  
SECRETARY TO GOVERNMENT OF SINDH**

#### SCHEDULE A

(See Rule 2)

Form of application for registration of a society.

1. Name of proposed Society.
2. Address to be registered.
3. Is liability limited or unlimited?
4. Area of operations.
5. Objects of the Society.
6. If the capital is to be raised by shares what is the number and value of shares which it is proposed to issue?
7. In other cases, what is the amount of the capital it is proposed to raise by loan or deposit.
8. Language in which the books and account will be kept.
9. With this application for registration are sent three copies of the proposed by-laws signed by the applicants (not less than ten).

#### Schedule-B Register of Ultimate Beneficial Ownership:- (see rule 56(6))

S.No	Name	Father Name	CNIC No.	Nationality	Country	Email Id	Cell No.	residenti al address	Date on which share	Name of former B.O	Signature
1											
2											