

CO-OPERATIVE SOCIETIES ACT, 1982

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

<i>Section</i>	<i>Title</i>
1.	Short title and commencement.
2.	Interpretation.
3.	Co-operative societies to be registered in accordance with the Act.

PART II

THE OBJECTIVE OF CO-OPERATIVE SOCIETIES AND PROTECTION OF THE CO-OPERATIVE MOVEMENT

4. Objects Of co-operative societies.
5. Protection of co-operative movement.
6. Application of Penal Code to employees and property of society.

PART III

RESPONSIBILITIES OF THE MINISTER

7. Encouragement of co-operative development.
8. Responsibilities of Minister.
9. Information on co-operation.
10. Persons required to furnish information to Minister.
11. Annual report on societies.

PART IV

REGISTRAR

12. President to appoint Registrar and Assistant Registrars.
13. Functions of a Registrar.

PART V

FORMATION AND ORGANIZATION OF SOCIETIES

14. Structure of Societies.
15. Formation of Societies
16. Societies may affiliate.
17. Registrar may require primary societies to form or join co-operative unions.
18. Objects and functions of secondary societies.
19. Societies may form joint enterprises.
20. Objects of the apex organization.
21. Kinds of societies not restricted.

(A) Societies for Rural Development

<i>Section</i>	<i>Title</i>
22.	Rural co-operative society as a multipurpose society.
23.	No other co-operative society to operate within a village.
24.	Membership of a rural co-operative society in a village.
25.	Co-operative development committee for every village.
26.	Qualification for election as a member of a co-operative development committee.
27.	Tenure of office of members of a co-operative development committee.
28.	Duties of the Co-operative development committee.
29.	Basic functions of, and business operations which may be undertaken by a rural co-operative society as a multi-Purpose society.
30.	Co-operative development committee to make by-laws.

(B) Industrial Co-operative Societies

31.	Industrial co-operative societies may be formed.
	<i>(i) Artisans, Craftsman's and Contracting Societies</i>
32.	Production, manufacture and sale of goods,
33.	Special provisions in the by-laws.
	<i>(ii) Co-operative societies for Producers of Natural Products</i>
34.	Co-operative Societies for, producers of natural products.

(iii) Building, Construction and Housing societies

35.	Building construction society.
36.	Housing society,
37.	Special powers.
38.	Commencement of operations.
39.	Special features.
40.	Sinking fund.

*(C) Other Societies**(i) Credit Societies*

41.	Objects of a credit society.
42.	Name..
43.	Membership generally.
44.	Membership of certain organizations.
45.	Power of credit society,
46.	Borrowing power of a credit society.
47.	Commencement of lending operations.
48.	Loans by credit society.
49.	Maximum of loans to a member,
50.	No loans in certain cases.

Section	Title
51.	Restrictions on loans to officers.
52.	Prohibitions.
53.	Unauthorized loans prohibited.
54.	Rates of interest on loans.

(ii) Consumer's Societies

55.	Consumer's societies.
56.	Special provisions in the by-laws.
57.	Special responsibilities of consumer's societies.
58.	Credit controlled by directors.
59.	Qualification for election in certain cases.
60.	Application of this part.

PART VI

REGISTRATION OF SOCIETIES

61.	Societies which may be registered.
62.	Restrictions on member of society holding share capital.
63.	Conditions for registration.
64.	Qualification for membership.
65.	Rights of minors,
66.	Contracts with minors.
67.	Power of Registrar to decide certain questions.
68.	Membership subject to Registrar's permission in certain cases.
69.	Application for registration.
70.	Registration.
71.	Certificate of registration.
72.	Probationary societies.
73.	Registrar to decide on registration within ninety days.
74.	Evidence of registration.
75.	Societies to be bodies corporate.

PART VII

RIGHTS AND LIABILITIES OF MEMBERS

76.	Member not to exercise right till due payment is made.
77.	Restriction on membership in societies with limited liability.
78.	Votes of members.
79.	Restrictions on transfer of shares or interest.
80.	Liability of a member.
81.	Liability of past members.
82.	Liability of the estates of deceased member.

PART VIII

DUTIES OF REGISTERED SOCIETIES

<i>Section.</i>	<i>Title</i>
83.	Address of societies.
84.	Copy of Act, rules and by-laws to be open for inspection.
85.	Power to make by-laws.
86.	Amendment of the by-laws of the registered society.
87.	By-laws of the society to bind members.
88.	Accounts and Audit.
89.	Registrar may require bank to produce information etc.
90.	Communications of defects in the working of registered society.
91.	Returns to be made by societies.

PART IX

PRIVILEGES OF REGISTERED SOCIETIES

- 92. Defects in the constitution not to render act of registered society invalid.
- 93. Disposal of produce to or through a registered society.
- 94. Creation of charges in favour of registered societies.
- 95. Charge and set-off in respect of shares or interest of members.
- 96. Shares or interest not liable to attachment.
- 97. Transfer of interest on death of a member.
- 98. Register of members.
- 99. Proof of entries in societies books.
- 100. Exemption from compulsory registration of instruments relating to shares and debentures of registered society.
- 101 - Power to exempt from duty or tax.

PART X

MANAGEMENT OF REGISTERED SOCIETIES

- 102. General meeting.
- 103. Constitution of committees.
- 104. Power of the committee.
- 105. Restriction relating to members of committee.
- 106. Dissolution of the committee of society.
- 107. Powers of persons appointed under section 101.
- 108. Committee to comply with any directions contained in reports.

PART XI

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

<i>Section</i>	<i>Title</i>
109.	Revenue of registered societies.
110.	Rules to govern the maintenance of the revenues and funds of a registered society.
111.	Restriction on loans.
112.	Restriction on borrowing from non-members.
113.	Restrictions with non-members.
114.	Investment of funds.
115.	Creation of a Central Co-operative Fund.
116.	Purpose of the Fund.
117.	Secondary societies to contribute to the fund.
118.	Financial provisions.
119.	Dividends and bonus.
120.	Reserve Fund.
121.	Distribution of net balances.
122.	Contribution for charitable educational and medical purposes.

PART XII

REGISTRATION OF CHARGES

- 123- Registration of charges.
- 124. Duty of society to register charges created by society.
- 125. Duty of society to register charges existing on property acquired.
- 126- Register of charges.
- 127. Endorsement of certificate of registration on debentures.
- 128. Entry of satisfaction and rectification of register.
- 129. Registration of endorsement of security.
- 130. Copies of instrument creating charges to be kept by the society.
- 131. Society's register of charges.
- 132 Right to inspect copies of instruments creating mortgages and charges and society register of charges.

PART XIII

INSPECTION OF AFFAIRS

- 133. Inquiry by Registrar.
- 134. Inspection.
- 135. Cost of Inquiry.
- 136. Surcharge.

PART XIV

AMALGAMATION

<i>Section</i>	<i>Title</i>
137.	Voluntary amalgamation.
138.	Compulsory amalgamation.
139.	Voluntary Division.
140.	Compulsory Division.
141.	Defect or irregularity in notice etc.

PART XV

DISSOLUTION OF SOCIETY

- 142. Dissolution.
- 143. Cancellation of registration of society.
- 144. Appeal against cancellation of registration.
- 145. Effect of cancellation of registration.
- 146. Winding up.
- 147. Powers of liquidator.
- 148. Power of Registrar to control liquidation.
- 149. Power to stay or restrain proceedings against society.
- 150. Avoidance of dispositions of property, etc. after cancellation.
- 151. Avoidance of attachment etc.
- 152. Power of Registrar to assess damages against delinquent promoters etc.
- 153. Power to arrest absconding promoter, officer etc.
- 154. Debts of all description may be proved.
- 155. Where society is insolvent.
- 156. Preferential payments.
- 157. Fraudulent preference.
- 158. Liabilities and rights of certain fraudulently preferred persons.
- 159. Effect of floating charge.
- 160. Disclaimer of onerous property in case of society wound up.
- 161. Restriction of rights of creditor as to execution or attachment in case of society being wound up.
- 162. Duties of court as to goods taken in execution.
- 163. Courts not to have jurisdiction in dissolution of societies.
- 164. Destruction of books and records.

PART XVI

RULES AND REGULATIONS

<i>Section</i>	<i>Title</i>
165.	Rules.
166.	Power of Registrar to make regulations.
167.	Fees.
168.	Recovery of sums due to Government.

PART XVII

OFFENCES

169.	Offences.
170.	Penalty for soliciting violation of contracts.
171.	Prohibition of the use of word "co-operative"
172.	Offences by officer of society being wound up.

PART XVIII

MISCELLANEOUS

173.	Power to exempt societies from conditions as to registration.
174.	Power to exempt registered societies from provisions of the Act.
175.	Appointment special members to committees.
176.	Terms of appointment and powers of special members.
177.	Savings.

PART XIX

REPEAL AND TRANSITIONAL

178.	Construction.
179.	Acts, 1979 No. 9 repealed. Acts, 1968 No. 27 repealed. Transitional provisions.
180.	Acts, 1968 No. 27 repealed.
181.	Transitional provisions.

THE UNITED REPUBLIC OF TANZANIA



No. 14 OF 1982

I ASSENT,

A handwritten signature in black ink, reading "Julius K. Nyerere".

President

28TH JUNE, 1982

An Act to provide for the formation, constitution, registration and functioning of Co-operative Societies as instruments for the implementation of the policy of socialism and self-reliance; to repeal the Co-operative Societies Act, 1968 and to provide for matters connected with those purposes

[-----]

ENACTED by the Parliament of the United Republic of Tanzania.

PART I

PRELIMINARY

1. This Act may be cited as the Co-operative Societies Act, Short title 1982, and shall come into operation on such date as the and Commencement Minister may, by notice in the *Gazette* appoint.

2.-(1) In this Act, unless the context otherwise requires- Interpretation

"apex organization" means a society the membership of which is restricted to secondary societies and which is established to facilitate the operations of all primary and secondary societies;

"agricultural inputs" means supplies needed for agricultural production and includes building materials, fertiliser, dip, veterinary preparations, seed, animal feeding stuffs, breeding stock, draft animals, planting material, farm implements, land tools, fencing materials, products, and other supplies and equipment normally used in agricultural production.

"agricultural produce" means the produce of farms, gardens orchards and forests, poultry, beekeeping and other animal products, and includes all dairy produce and all the products of fish and fishing;

"annual net surplus" means such portion of the total income received or accrued during any year as remains after deductions have been made therefrom in respect of all recurrent expenditure incurred during that year and after adequate provision has been made for bad debts, depreciation, taxation and losses;

"annual net balance" means such portion of the net surplus for any year as remains after deductions have been made therefrom in respect of the reserve fund, the share transfer fund and such other appropriations as it may be necessary or desirable to make for the proper conduct of the society's business, and after a dividend (if any) has been paid on the share capital;

"bonus" means such portion of the annual net balance as may be distributed to members in consideration and on the basis of their patronage of the society's business or their participation in such business;

"by-laws" means the by-laws made by a society in the exercise of the power conferred by this Act, and duly registered amendment of such by-laws;

"committee" means the governing body of a registered society to whom the management of its affairs is entrusted, and includes a co-operative development committee in the case of a rural co-operative society;

"common need" means the need which is common to the majority of the members of a registered society;

Cap. 112 "company" means a company registered under the Companies Ordinance;

"co-operative union" means a registered society of which the membership is restricted to primary societies and includes a joint interprise where all its members are co-operative unions;

Acts, 1982
No. 15 "Corporation" means the Co-operative Audit and Supervision Corporation established under the Co-operatives Audit and Supervision Act, 1982;

"co-operative society" means an association of persons who have voluntarily joined together for the purpose of achieving a common need through the formation of democratically controlled organization and who make equitable contributions to the capital, if any, required for the formation of such an organization and who accept the risks and the benefits of the undertaking in which they actively participate;

"delegate" means-

- (a) in the case of a primary society in which the general meeting of members is substituted by a meeting of delegates, means the representative of specified number of individual members elected or appointed to attend and vote at a meeting of delegates; and
- (b) in the case of a society which is itself a member of another society, the representative of the former elected or appointed to attend and vote at a meeting of the latter society;

"dividend" means the sum paid on the share capital invested in a society;

"industrial society" means a registered society whose principal objectives is manufacturing or making or servicing or assembling of industrial goods and whose members are respectively manufacturers, craftsmen, artisans, industrial workers and apprentices;

"joint enterprise" means an association of two or more societies which join together for a purpose of operating an economic enterprise;

"the Fund" means the Central Co-operative Fund established under section 115 of this Act;

"member" includes a person or a registered society joining in the application for the registration of a society, and a person or a registered society admitted to membership after registration in accordance with the by-laws and rules;

"Minister" means the Minister for the time being responsible for matters relating to co-operative societies;

"officer" means any officer of a society and includes chairman, vice-chairman, secretary, treasurer, member of a committee or any other person empowered under the rules or the by-laws to act on behalf of a registered society;

"primary society" means a registered society all whose members are individual persons or an association of such individual persons and any co-operative body other than a body registered under the companies ordinance and includes a joint enterprise where all its members are primary societies;

"registered society" means a co-operative society registered or deemed to have been registered under this Act.

"Registrar" means the Registrar of co-operative societies appointed under Section 12 of this Act;

"rules" means rules made under this Act;

"rural area" means any area which is not part of an urban area;

"rural co-operative society" means a society which is formed in a rural area;

"savings and credit society" means a registered society whose principal objects is to encourage thrift among its members and to create a source of credit to its members at a fair and reasonable rate of interest;

"secondary society" means a registered society whose membership is open only to primary societies which are its members;

"Secretary General" means the Secretary General of the apex organization;

"society" means a co-operative society registered under this Act and includes a primary society, a secondary society and an apex organization;

Acts 1982
No. 8
Acts 1982
No. 7

a municipal council, a town council or within a township established or deemed to have been established under the Local Government (Urban Authorities) Act, 1982 or the Local Government (District Authorities) Act, 1982 as the case may be;

"village" means a village registered or deemed to have been registered under the Local Government (District Authorities) Act, 1982 and includes an Ujamaa village designated as such under that act;

Co-operative societies to be registered in accordance with this law 3.-(1) Co-operative societies shall be registered in accordance with this Act and the rules;

registered in accordance with this law (2) Any reference in this Act to compliance with or contravention of this, Act or any of the provisions thereof or to any matter being subject to or being in accordance with this Net or any of the provisions thereof, and any equivalent reference, shall include a reference to compliance with or contravention of any regulations or rules made under this Act and to the matter being subject to or in accordance with any such regulations or rules.

PART II

THE OBJECTS OF CO-OPERATIVE SOCIETIES AND PROTECTION OF THE CO-OPERATIVE SOCIETIES

Objects of
Co-operative
societies

4. A co-operative society is an association of person who have joined together with an object of promoting the economic and social welfare of its members. The society shall be operated democratically on the basis of the principles, methods and procedures of co-operation. It shall thus strive in accordance with its democratic, socialist and co-operative outlook-

- (a) to accelerate the building of socialism by bringing about socialist development both in rural and urban areas.

- (b) to foster the development of co-operative farming in rural areas as a means of modernising and developing agriculture and of eliminating exploitation in the rural areas;
- (e) to satisfy the cultural needs of its members, as well as to increase their social and political awareness;
- (d) to improve the material living conditions of its members.
- (e) to promote co-operative education among its members.

5. The state shall protect the co-operative society by support, guidance and supervision.

Protection of
Co-operative
movement

6. When applying the Penal Code and the punishments provided for in this Act, the property of the society shall be deemed public property, its employees shall be deemed public servants and the papers of the society, its records and seals shall be deemed public papers, records and seal and shall not be removed from the premises of the society except in accordance with the provisions of this Act.

Application
of Penal Code
to employee
and property
of society
Cap. 16

PART III

RESPONSIBILITIES OF THE MINISTER

7. The Minister shall take such measures as he deems necessary for the encouragement generally of co-operative development for economic, social and cultural purposes and human advancement on the basis of self-help and, in particular, but without limiting the generality of the foregoing, for the encouragement of the organisation of co-operative societies as a means of-

Encouragement
of co-
operative
development

- (a) improving the economic situation of their members;
- (b) contributing to the economy an increased measure of socialist ownership and democratic control of economic activity;
- (c) increasing personal and national capital resources by the encouragement of thrift, the prevention of usury and the wise use of credit;
- (d) increasing incomes and employment by fuller utilisation of resources, including the bringing of new land into productive use, the marketing and processing of agricultural and natural products, a development of local industries, and processing raw materials;
- (e) improving social and cultural conditions and, where appropriate, providing supplementary services in housing, health, education and communications;
- (f) raising the level of general and technical knowledge of members of societies.

Responsibilities
of Minister

8. In encouraging co-operative development and in carrying out the provisions of this Act, the Minister shall take, authorise or approve such measures as he deems necessary to-

- (a) assist the organization of co-operative societies among persons or groups of persons who desire to provide themselves with, or to market, commodities or services, or both, on a co-operative self help basis.
- (b) facilitate the financing of societies, where necessary for their establishment and operation, by the provision of, or arrangement for loans, guarantees of loans, or otherwise;
- (c) provide for such advice as may be necessary to assist officers and members of societies to achieve their objects;
- (d) institute inquiry into and collect, classify and analyse information and statistics relating to societies and co-operative development.
- (e) establish or facilitate the establishment of a research service or services for enquiry generally into the operation of societies and for investigation and analysis of economic, social and other problems as may be deemed advisable to lead to the encouragement of new or improved methods of co-operative development including-
 - (i) production of agricultural or natural products and the processing and marketing of such products;
 - (ii) industrial development, manufacturing and marketing and sale by retail or wholesale;
 - (iii) credit, investment and business finance;
 - (iv) wholesaling and retailing of goods and services;
 - (v) community and welfare services on a co-operative basis;
- (f) issue from time to time such reports, circulars and other publications relating to societies and co-operative development as may be deemed advisable.
- (g) provide or authorise such other services as may be necessary in carrying out the provisions of this Act.

information
of Co-
operation

9. The Minister shall disseminate, or arrange for the dissemination of, information relating to co-operation and co-operative development in such manner and form as may be found best suited to promote interest in and understanding of co-operative principles and practices with a view to the encouragement of the organisation of co-operative societies based on self help.

Persons
required
to furnish
information
to Minister

10.-(1) All officers of societies to which this Act applies shall furnish the Minister with such information as he may from time to time require.

(2) An officer who fails to comply with a request of the Minister under subsection (1), or who knowingly makes a statement, false in any material particular, in any information furnished to the Minister, shall be guilty of an offence.

11. Within a period of six months after the close of the financial year, an annual report respecting the operations of societies registered under this Act shall be prepared under the direction of the Minister and included in the annual report of the Minister laid before the National Assembly.

Annual
report on
societies

PART IV

REGISTRAR

12.-(1) The President shall appoint a public officer to be Registrar of Co-operative Societies and a Deputy Registrar, and the Minister shall appoint such number of Assistant Registrars as may be required to assist the Registrar in carrying out the purposes of this Act.

President to
appoint
Registrar and
Assistant
Registrars

(2) The Deputy Registrar and the Assistant Registrars shall act under the control of the Registrar and may exercise any of the functions of the Registrar.

(3) The _____ shall have a seal of such device as may be approved by the Minister

14.-(1) The functions of a Registrar shall be-

Functions of a
Registrar

- (a) to register and to exercise control over co-operative societies in accordance with the provisions of this Act;
- (b) to advise the Minister on any matter relating to cooperative societies, and in particular in respect of any assistance, financial or otherwise, which may be required by co-operative societies;
- (c) to encourage the establishment of co-operative societies in all sectors of the economy and to assist co-operative societies to increase their efficiency;
- (d) to provide services designed to assist in the formation, organization and operation of societies and to give advice on co-operative management to all kinds of societies registered under this Act;
- (e) to perform such other functions in relation to the development and well being of co-operative societies such as he may, from time to time be directed by the Minister.

(2) The Registrar may gradually delegate his duties of promoting and of giving advice to co-operative societies to the apex organisation as soon as such an apex organisation is registered and employs competent staff to take over these duties, and the Minister is satisfied that the apex organisation can undertake those duties.

PART V

FORMATION AND ORGANISATION OF SOCIETIES

Structure of the Co-operative movement **14.** The structure of the co-operative movement shall be a three tier system comprising namely:-

- (a) the primary society;
- (b) the secondary society; and
- (c) the apex organization.

Formation of Societies **15.-(1)** A primary society may be formed for two or more villages and where it is economically viable, it may be formed for one village.

(2) Subject to this Act, ten or more persons may form a primary society.

(3) A Co-operative union may be formed for a region, and where it is economically viable, it may, with the approval of the Minister, be formed for a district or districts.

Societies may affiliate **16.** Primary societies may form secondary societies, and secondary societies may form an apex organization.

Registrar may require primary societies to join a co-operative union **17.** Where the Registrar considers that a co-operative union in relation to any area is economically viable, he may require any primary society or category of co-operative societies operating within that area to join the co-operative union, by notice in writing served on the society or category of co-operative societies, as the case may be.

Objects and functions of secondary societies **18.-(1)** The objects of secondary societies shall be to facilitate the operation of primary societies which are its members.

(2) Without prejudice to the generality of subsection (1), secondary societies may perform the following functions:-

- (a) to collect from primary societies, to process, and to deliver for marketing, agricultural or natural products;
- (b) to procure and distribute agricultural inputs required by its member primary societies;
- (c) to provide finance for the purchase of agricultural products from its member primary societies;
- (d) to establish operate and maintain large scale farms for agricultural production;
- (e) to establish and operate a co-operative savings and credit service for member societies;
- (f) to provide management and other services required by building construction or housing societies;
- (g) to manage, to supervise and to co-ordinate the activities of other societies providing special production services to agriculturists;

- (h) to acquire, maintain and operate building and equipment for the assembling, warehousing, and transporting of agricultural products belonging to member primary co-operative societies;
- (i) to operate services for the transportation of agricultural products and other commodities;
- 0) to provide accounting and audit services to member societies.

(3) Subject to the provisions of sub-section (2) and any other written law, secondary societies may purchase, procure and distribute consumer goods for sale at wholesale to its member societies.

19.-(1) Where it is necessary or desirable for the efficient operation of a business or economic enterprise that it be operated by two or more societies, such societies may join in an association and form a joint enterprise, subject to the approval and such limitations as the Registrar may generally or in relation to any association of societies or category of them impose, for the purpose of operating and carrying on such a business and the Registrar may register such a body under this Act. Societies may form joint enterprise,

(2) The societies which form an association for the purpose of operating and carrying on a joint enterprise as provided under *subsection (1), may form a joint committee for the purpose of managing that joint enterprise but such an association shall have no right of separate representation either in the secondary society or the apex organization.

20.-(1) The apex organization, when formed and registered, shall provide, organize and supervise effective centralized services for the member societies and for co-operative education and training and such other services as may be necessary or expedient for its members. Object of the apex organization

(2) Without prejudice to the generality of subsection (1), the apex organization may perform any of the following functions:-

- (a) to co-ordinate the economic plans of the member societies and to forward them to the Minister for the incorporation in the national plan;
- (b) to render services designed to ensure efficiency and uniformity in the conduct of the business of its member societies, standardising their book-keeping, accounting and other procedures, and providing audit services to those societies;
- (c) to formulate, maintain and regulate the terms and conditions of service of persons employed in the apex organisation, secondary societies and such other registered society as the Minister may, by notice in the *Gazette* direct;
- (d) to carry on, to encourage and assist educational and advisory work relating to co-operative enterprise, and without limiting the generality of the foregoing, to advise the gov-

ernment on co-operative education and operating methods and for that purpose may prepare and provide correspondence courses regarding co-operative principles and operating methods and may disseminate information on co-operative principles and practices;

- (e) to reduce operating costs by arranging for group bonding of co-operative society employees, and by making bulk purchasing of book-keeping stationery and other supplies for sale to its members;
- (f) to print, publish and circulate any newspaper or other Publication designed to foster or increase interest in co-operative enterprises, principles and practices;
- (g) to represent its member societies in collective bargaining;
- (h) to represent its member societies in international conferences;
- (i) to provide consultative services to member societies;
- 0) to do any other thing which in its opinion is connected with -or is ancillary to the above enumerated objects.

Kinds of societies not restricted

21. The kinds of societies which may be formed and registered under the provisions of this Act are not restricted to the kinds of societies mentioned in the following sections of this Part.

A: Societies for Rural Development

Rural co-

22. Every rural co-operative society shall be a multipurpose society and may be registered to undertake and carry on all kinds of business operations as provided under section 29.

operative soc-

23. Subject to this Act, no co-operative society other than a rural co-operative society referred to under section 22 shall operate within a village.

-(2) Notwithstanding the provisions of subsection (1) persons who are residents in a village and who possess a special skill relevant to a trade, may organize themselves into a co-operative group for the purpose of pursuing that trade, but that co-operative group shall operate as a specialized line of production, and shall perform its functions as a specialized branch, of the rural co-operative society and shall be under the general guidance of the co-operative development committee-

Membership

24.-(1) Every person who-
(a) has attained the age of eighteen years;

Co-operative Society (b) is a resident of the village, in occupation of land or is following

a trade such as provided under subsection (2) of section 23, or is following an occupation relevant to the rural society's objects within its area of operation as defined in its by-laws shall be a member of a rural co-operative society.

to primary society's objects within its area of operation as define its by-laws shall be member of a rural co-operative society

The provision of sub-section (2) of section 64, sections 65 and 66 shall apply *mutatis mutandis* with the respectively to the membership of minors of the society, rights of and contracts with minors.

(a) has attained the age of fifteen years;

(b) is a resident of the village, in occupation of land or is following a trade such as provided under subsection (2) of section 22, or is following an occupation relevant to the primary society's objects within its area of operation as defined in its by-laws,

25.-(1) For the purpose of this Act, there shall be elected in Co-operative accordance with the provisions of this Act a co-operative Development Committee for every rural co-operative society.

(2) The co-operative development committee shall be elected iety by the general meeting.

(3) Each co-operative development committee shall consist of such number of members, not exceedihg such number as may be prescribed, as the general meeting may, at the meeting convened for the election of the co-operative development committee determine.

26. No person shall be qualified for election as a member of the co-operative development committee unless- Qualification for election as a member of a co-operative development committee

(a) he has attained the apparent age of twenty-one year5;

(b) he is member of a household within the village and is ordi- narily resident in the village.

27. Every member of a co-operative development committee shall hold office as a member of the committee for such period as may be specified in the by-laws of the rural co-operative society or as the general meeting may prescribe. Tenure of office of members of a co-operative development committee

28. The co-operative development committee shall be the man- aging and the executive agency of the rural co-operative society and shall co-ordinate all the co-operative economic activities within the village or villages as the case may be, and in particular it may- Duties of the co-operative development Committee

(a) deal with the economic and organizational affairs of the co-operative society in accordance with the approved plans for its work;

(b) take measures such as are necessary to develop production, increase labour productivity, reduce the cost of production and to improve the quality of production;

- (c) draw up the economic and financial plans of the rural co-operative society as well as plans for distribution of income and submit these plans for approval by the general meeting;
- (d) run the office of the rural co-operative society and keep all the records as well as the accounts of the rural co-operative society;
- (e) at appropriate intervals, as may be prescribed by the general meeting, submit at the ordinary general meetings of the rural co-operative society, reports on the current economic, organizational and financial state of the rural co-operative society and on its economic activity;
- (f) do any other thing which in the opinion of the co-operative development committee is necessary for the efficient functioning of the rural co-operative society.

The functions
of a rural
co-operative
society

29.-(1) The basic functions of a rural co-operative society shall be-

- (a) to prepare, in consultation with the village council, the economic plan of the society;
- (b) to purchase, preserve and distribute agricultural inputs and other resources for use in the economic activities of the society;
- (c) to provide, operate and maintain machinery for the processing of agricultural products;
- (d) to seek and employ the best methods of agricultural production so as to ensure an improved yield of agricultural products in the rural areas-
- (e) to provide, operate and maintain farm machinery and other equipment for use by or on behalf of the members in the production of agricultural products and to ensure their efficient use for the mechanisation of collective farming and intensification of production;
- (f) to collect agricultural products from its members and to deliver those products for sale;
- (i) to establish, operate and maintain large scale farms for agricultural production;
- (h) to co-ordinate all the economic activities of the village.

(2) A rural co-operative society as a multipurpose society may undertake and carry on all kinds of business operations connected with-

- (a) the marketing, collecting receiving, taking delivery of, buying, handling, feeding, fattening, finishing, slaughtering, preserving, harvesting, drying, processing, manufacturing, canning, cleaning, grading, storing, transporting, selling or

canning, cleaning, grading, storing, transporting, selling, or

otherwise disposing of or utilizing any agricultural products produced or delivered to it by members or connected with the manufacturing or buying, selling or marketing of the by products thereof;

- (b) purchasing, procuring, processing, manufacturing exchanging, hiring, dealing in and distributing agricultural inputs, consumer goods and household necessities for sale at retail to its members;
- (c) providing farming services to its members including-
 - (i) developing, maintaining, and operating land as a farming enterprise on behalf of its members- or
 - (ii) acquiring land for farming purposes and using such land by-
 - (i) dividing a portion thereof amongst its members for their individual use and operation as producers of agricultural products, and
 - (ii) developing, maintaining and operating the remainder of such land as farming enterprise on behalf of its members.
- (d) providing assistance to producers of livestock of various kinds including dairy cattle and poultry, with one or more of the following principal objects and purposes:-
 - (i) providing artificial insemination or other breeding services for livestock owned by members,
 - (ii) assembling, transporting, selling by public auction or otherwise handling various kinds of livestock or poultry produced by members and providing buildings and equipment required for such services;
 - (iii) purchasing or otherwise acquiring livestock or poultry for feeding or finishing by members on a contract or other basis;
 - (iv) purchasing or otherwise acquiring livestock or poultry as foundation, replacement or breeding stock for production by members;
 - (v) establishing and maintaining control of feeding stations for the use of members engaged in the production of livestock;
 - (vi) providing a hatching, brooding or raising station for the use of members engaged in poultry production;
 - (vii) purchasing, procuring or maintaining bees for the production of honey for the use by or on behalf of members;
 - (viii) acquiring and maintaining land for the production of fodder and feeding stuffs required by members engaged in the production of livestock or poultry;

(ix) acquiring and maintaining land for the grazing of livestock of members;

(x) acquiring, maintaining, and managing a livestock or poultry enterprise for the production of meat, milk and other dairy products, poultry, and eggs, on behalf of its members;

(e) producing, preparing, adapting, processing and manufacturing goods, wares, merchandise from every description for sale or under contract.

(3) A rural co-operative society may be appointed as agent of any marketing authority or board established by-law for the purposes of marketing agricultural products or distributing agricultural inputs.

Co-operative
development
committee
to make
by-laws

30. The co-operative development committee may, in relation to a society for which it was elected, and with approval of the general meeting, make by-laws to prescribe any matter which is necessary or desirable for the efficient operation of the society and without prejudice to the generality of this section, it may make by-laws which may provide for-

(a) the manner in which work in the co-operative society is to be organised;

(b) the manner in which the products of the co-operative society are to be distributed to the members of the society;

(c) the manner in which the funds of the society are to be managed;

(d) the manner in which the furnishing of labour, services or materials by a member may be valued in payment for any services received by him through the society.

B Industrial Co-operative Societies

31.-(1) There may be formed either in rural areas, subject to the provisions of section 23, or urban areas industrial co-operative societies such as a mentioned in the following sections of this Part.

(2) The kind of industrial societies which may be formed is not restricted to the kind of societies which are mentioned in the following sections of this Part.

(i) Artisans, Craft men's and Contracting Societies

Production,
manufacture
and sale of
goods

32. A society may be registered for the following principal objects and purposes or any of them-

(a) producing, preparing, adapting, processing and manufacturing goods, wares and merchandise from materials of every description for sale or under contract;

- (b) undertaking contracts or sub-contracts. by provision of labour and technical services, materials and equipment for land clearance or reclamation, road construction, the construction of industrial plants, public utilities or facilities for the development of natural resources, and for the maintenance of building, plants and sites, mines and public utilities;
- (c) providing, all necessary materials, equipment, facilities and services to enable members and their families to produce, prepare adapt or process goods, wares and merchandise in their homes either for individual sale by each member or for sale by or through the society; _
- (d) rendering services to its members as contractors or as producers, processors and manufacturers of goods, wares and merchandise which are ancillary to their operation or activities.

33. To achieve its objects a society registered in accordance with section 32 may make provision in its by-laws regarding- Special provisions in the by-laws

- (a) the extent of the liability of each member to lend funds and to furnish fixed working capital for the society;
- (b) the extent to which each member shall undertake by contract or otherwise to contribute labour or other services necessary for the operation of the society;
- (c) the conditions under which the society may make loans or advances to members to finance the work;
- (d) the sale of consumer goods and household necessities to members.

(ii) *Co-operative Societies for Producers of Natural Products*

34.,-(1) A society may be registered having as its principal object and purposes or any of them, the production, processing, Co-operative service for producers of natural products wilization or marketing of natural products and rendering to its members services ancillary to such objects including-

- (a) purchasing, hiring or otherwise acquiring, maintaining and operating boats, motors, nets and other equipment to be used in group fishing by members or by each member on an individual basis and the marketing of fish and fish products;
- (b) obtaining or providing equipment, contracts and management services for the production and marketing of pulp wood, fuel wood, timber, lumber and other forest products delivered wholly or partially therefrom.
- (c) subject to provisions of Mining Act 1979 obtaining prospecting, exploration and mining licences and obtaining or providing equipment, contracts and management services for the development, utilisation and disposal of the products of any mine. Act, 1982 No. 17

(2) A society registered under this section which includes amongst its objects the marketing of natural products for its members may:-

- (a) be appointed as agent of any marketing board of other authority established by law for the marketing and distribution of products which the society may be authorised to market under this laws.
- (b) make and execute marketing contracts requiring its members to sell or deliver for sale for any period of time specified therein all or any part of their products as specified in such, contracts exclusively to or through the society or any agencies created by the society.

(iii) Building Constructions and Housing Societies

Building construction society 35. A building construction society may be registered for the following principal objects and purposes.

- (a) building houses and flats for individual or family use and other buildings for industrial business or public use, either for sale by the society itself or under agreement negotiated with a local authority or other public body or authority performing a function of government or providing a public service or with a company, society, association, partnership or other organisation or person;
- (b) purchasing, manufacturing, processing or other wise providing materials for the construction of building or contracting for architectural services or for the installation of utilities;

Housing society

36. A housing society may be registered for the following principal objects and purposes:

- (a) building or otherwise acquiring houses or flats for sale to its members for their individual ~ ownership and use;
- (b) building or otherwise acquiring, maintaining and managing houses or flats for lease to its members,
- (c) acquiring and site planning land for the construction of houses or blocks or flats by and for its members.

Special powers

37.-(1) A building construction society may, if so provided in its by-laws make loans or advances to its members for the purchase of tools, materials and equipment for their individual use in connection with building projects undertaken in accordance with section 35 and sell to its members consumer goods and household necessities.

(2) A housing society may if so provided in its laws accumulate the savings of its members for the building and management of houses and flats the ownership of which is vested in the society, or for the making of loans to its members for the building purchasing or maintenance of houses or flats, or for other purposes mentioned in section 36.

(3) A housing society may if so provided in its by-laws raise additional funds by borrowing for a period not exceeding thirty three years for the building of houses and flats the ownership of which is vested in the society or for making loans to its members for the building of houses of flats, or for the purchasing and maintenance of houses or flats acquired by them from the society, or for other objects mentioned in section 36.

38. No building construction, or housing society shall commence operations until it has furnished satisfactory evidence to the Registrar that some of its members have received the training require& for the satisfactory completion of the building project which the society expects to undertake and that the capital furnished by its members is equal to such amount as may initially be nished by the by-laws. commence-
ment of oper-
ation

39. The by-laws of a building construction, or housing society shall, where applicable provide- Special fea-
tures

- (a), the manner in which members are to furnish capital for the purposes of the society and the amount thereof;
- (b) the manner in which a member may be required to pay for services furnished by the society, whether in the form of rent, purchase price of housing or payment for other services;
- (c) the manner in which the furnishing of labour services or materials by a member may be valued in payment for any " services received by him through the society.

40. Every housing society shall, before the distribution of any net, surplus set aside an amount annually in the form of a sinking fund for the repayment of any bonds, debentures or other funds AMowed in accordance with subsection (3) of section 37 both as to, ,principal and interest. Sinking fund

C- Other Societies

(i) Savings and Credit Societies

41. A co-operative savings and credit society, in this Part referred to as a credit society may be registered for the promotion of thrift among its members and the creation of a source of credit for its members at controlled rates of interest, exclusively for provident or productive purposes. Objects of a
credit society

42. One or more of the words " savings" and "credit" shall form Name part of the name of every society registered exclusively for the purposes mentioned in section 41.

Membership
generally

43. Subject to the provisions of section 44 the membership of a credit society shall be drawn from groups of persons having a common bond of occupation or association or from a group living within a well defined neighborhood or community, or within a rural or urban district.

Membership
of credit
organization

44.-(1) A credit society may, with the approval of the Registrar admit as members another credit society or other society and any of the following organizations-

- (a) a local authority of other public body performing a function of government or providing a public service;
- (b) a religious organisation;
- (c) a labour organisation, an agricultural organisation or benevolent or fraternal organisation;
- (d) an organization operated exclusively for charitable, educational or community welfare purposes, no part of the income of which is payable to or otherwise available for the personal benefit of any proprietor, member or shareholder thereof.

(2) A society, local authority or other Organisation mentioned in subsection (1) which is a member of a credit society, may vote in accordance with the by-laws.

(3) The terms and conditions under which a member society or organization may obtain loans from a credit society shall be set forth in the by-laws, and shall not be inconsistent with the provisions of this Act, and the total amount of all loans made by the credit society to member societies or Organisation shall not at any time exceed an amount equivalent to one quarter of the combined paid up capital and deposits of the credit society.

(4) Except with the approval of the Registrar no credit society shall admit to membership another credit society or other organization unless their membership is drawn from the same general group as that composing the membership of the credit society.

Power of a
credit society

45. For the purposes of carrying out its objects, every credit society may, subject to the provisions Of this act and the rules-

- (a) receive the savings of its members as payments on shares and as deposits either in individual or in joint accounts, and receive deposits from the societies, the Government of the United Republic or any department, board, bureau or agency thereof, any local authority performing a function of government or providing a public service, and any company the majority of the shareholders of which are members of the credit society;
- (b) make loans to its members for provident or productive purposes;

- (c) deposit money in the Tanzania Rural Development Bank established under the Tanzania Rural Development Bank Act, 1971, the National Bank of Commerce or any other financial institution as may be approved by the Registrar; No. 7
- (d) invest in any stock, bonds or securities of the Government of the United Republic:
Provided that the total amount of investments made by a credit society under this paragraph other than in stocks, bonds and securities of the Government of the United Republic shall not exceed one half of its capital;
- (e) borrow money as provided by section 46.

46.-(I) Subject to the approval of the Registrar a credit society may borrow-

Borrowing
powers of a
credit, society

- (a) upon a vote of at least three fourths of the members of the committee-
 - (i) moneys not exceeding in the aggregate one quarter of its combined capital surplus and deposits; or
 - (ii) money not exceeding in the aggregated an amount equal to the total of the market value of stocks, bonds and securities of the Government of the United Republic held by the credit society;
- (b) upon a special resolution passed by the members of the credit society approving a recommendation of at least three fourths of the members of the committee additional moneys from time to time so long as the balance owing by the credit society in respect of all money borrowed at no time exceeds one half of its combined capital surplus and deposits.
- (2) The Registrar shall review annually the borrowing powers of a Credit society under subsection (1) and may at any time draw his approval of further borrowings under that subsection
- (3) A credit society may with the approval of the Registrar charge hypothecate, mortgage or pledge its immovable or movable Property, rights and powers, undertaking, franchises, books and unpaid calls of the credit society, to secure any liability the, repayment of moneys borrowed under subsection (1).

47. No credit society shall commence lending operations until it has furnished satisfactory evidence to the Registrar that such society have made the payments initially required thereon.

Commencement of lending operations

as he may specify have subscribed for the minimum, number of shares prescribed in the by-laws for each member, and

48--(1) Every loan made by a credit society shall be for a provident or productive purpose.

Loans by credit society

(2) Every application for a loan shall be on a form provided by the credit committee, and shall set forth the purpose for which the loan is desired, the security, if any, offered and such other information as may be required by the committee.

(3) The credit committee shall enquire carefully into the character and the financial conditions of each applicant for a loan and his sureties or guaranters, if any in order to determine his ability to repay the loan and shall determine whether the loan applied for is for a provident or productive purpose and will be of probable benefit to the borrower.

(4) Except for loans of such small amount as may be prescribed in the rules, the credit committee shall require security to be given on all loans and shall determine the particular security to be taken in each case.

(5) An assignment of shares or of deposits or a negotiable instrument endorsed by a guaranter may be accepted as security for a loan.

(6) The security for a loan shall be in the possession or within the control of the society before the loan is made and where security covering immovable or movable property is required for the purpose of securing the repayment of a loan, the proceeds of the loan shall not be made available to the applicant until all documents necessary to establish the claim of the credit society or the security in case of default have been duly executed and if so required, registered.

(7) Notwithstanding the provision of subsection (6) the lending of money on mortgage of any description of immovable property shall be subject to the approval of the Registrar.

(8) Where more loan application are pending than can be granted by the credit society from the funds available preference shall be given by the credit committee to the applicants for the smaller loans in the order received if the need for the loan and the security offered compare favourably with the need and the security offered with respect to application for larger loans.

Maximum of 49.- (1) No loan shall be made by the credit society if it would cause the borrower to become indebted to the credit society for an amount in the aggregate of all loans made by the credit society to the borrower, in excess of eight per centum of its paid up capital, surplus and deposits, or in excess of such lesser percentage as may be provided in the by-laws.

(2) Notwithstanding the provisions of subsection (1) the by-laws of a credit society may authorize the making of loans for amounts in excess of eight per centum of its paid up capital, surplus and deposits, to a local authority, or to a statutory body performing a function of government or providing a public service or to a society:

Provided that the total of all loans made to all such borrowers shall not at any time exceed an amount equivalent to one quarter of its paid up capital surplus and deposits.

50. credit society shall not, without the approval of the Registrar make any, or any further loans if the aggregate of its reserves consisting cash on hand and on deposit with a bank or other organization authorized to accept money on deposit, is less than ten per centum of its combined paid up capital and deposits

51. No officer of a credit society shall be allowed to borrow in excess of the value of his shares and deposits, assigned as security to the credit society and the market value of any stock bonds or securities of the Government of United Republic held by him and so assigned unless the application is approved by a majority vote taken in the absence of the applicant, of the majority of the members of the credit committee.

52. Subject to the provisions of section 45 no credit society shall lend money to or accept deposits from a person who is not a member of the credit society.

53.-(1) No officer or employee of a credit society shall lend money from the funds of the credit society to an applicant for a loan unless the application and the loan have been approved as required by this Act.

(2) An officer or employee who contravenes this section shall be guilty of an offence

54. The interest rates on loans made by a credit society shall not exceed one per centum per month on unpaid balances.

(ii) Consumer's Societies

55.-(1) A society may be registered for the principal purpose of purchasing, procuring, processing, manufacturing, exchanging, hiring and dealing in goods, wares, and merchandise including foods, clothing, household goods, fuel and other necessities of all kind for individual or family consumption or use, as well as agricultural inputs for sale at retail to its members.

~(2) The membership of a consumer's society may be limited to persons living within a well defined neighbourhood or community, or within an urban or rural district.

56. To achieve its objects, a consumers society may provide in its by laws-

- (a) that no goods, be sold on credit or alternatively the conditions and restriction to which the sale of goods on credit shall be subject;

- (b) that in lieu of the payment in cash of patronage bonus due to a member the committee of the society may allot to him shares in the society in the manner and to the number mentioned in the by-law and that upon such allotment such a member shall be deemed to have made an application for such share and upon such allotment such a member shall be deemed to have made an application for such shares and shall be under an obligation to pay therefor out of the patronage bonus due to him but only to that extent.
- (c) that in lieu of payment of patronage bonus in cash, the society may require its members without the completion of individual contracts to undertake to make loans to the society, from such patronage bonus for such purposes and under such conditions as are provided in the by-law which shall have the same effect as if each member had entered into a separate contract with the society and shall create a legal obligation on the part of each member to make such loans but only to extent of such patronage bonus.

Special
responsi-
bilities of
committee of
consumers
society

57.-(1) The committee of consumers' society shall examine regularly the condition of the society's business by requiring the proper officers to furnish during every financial year monthly or quarterly or at such other times as the committee may determine, a report disclosing the results of the operations of the society during a specified period, including information respecting account receivable and accounts payable, other assets and liabilities, income and expenses, purchases and sales and a comparison of such information with the corresponding period of the previous financial year for the purpose of enabling the members to determine the progress being made by the society in achieving its objects.

(2) The Committee shall examine regularly all credit or hire purchase transactions to determine whether or not they are in conformity with the by-law of the society and if in its opinion such transactions are likely to impair the financial situation of the society the committee shall direct the proper officers to refuse further credit and refrain from entering into further hire-purchase transaction for such period as the committee may determine.

Credit con-
trolled by
committee

58. No officer or employee of a consumer's society acting on its behalf shall purchase or sell goods on credit except in accordance with instructions given by the committee.

Qualifica-
tions for elec-
tion in certain
cases

59. A consumers society may provide in its by-laws that no member shall be eligible for election as a member of the committee if any amount owing by him to the society is in arrear, or if he has failed to obtain or purchase from the society during its preceeding financial year, goods, wares, merchandise or supplies to the value stipulated in by-laws.

Where a consumers society has its object the providing of services to its members, this Part shall nevertheless apply to society with respect to the purchase and sale of goods, wares merchandise, or agricultural inputs if any at retail.

PART VI

REGISTRATION OF SOCIETIES

61 (1) Subject to the following provisions, a society which its objects the promotion of the economic and social inter- of its members by means of common undertaking based upon mutual aid and which conforms to the co-operative principles or a society which is established for the purpose of facilitating the operations of societies may be registered as a co-operative society under this Act with or without limited liability.

(2) Except as otherwise provided in this Act, co-operative principles means the following principles and methods used in the Ation and administration of a society:-

- (i) each member or delegate has one vote;
- (ii) the service of the society are mainly for its members;
- (iii) there is no voting by proxy;
- (iv) the control of the society is democratic;
- (v) membership is open to all who can use the services of the society;
- (vi) there is a fair and just distribution of the economic results arising out of the operations of the co-operative enterprise;
- (vii) the services of the society are available as nearly as possible at costs; the savings arising from yearly operations are paid to members in . proportion to the use made of the services, or the supply of labour or other contributions made by members.

(3) The liability of a co-operative union, an apex organisation a rural co-operative society, a joint venture or a savings and credit society shall be limited.

62. No member other than a registered society, shall hold more than one fifth of the share capital of any co-operative society.

63 (1) No society other than a society of which a member is a stored society shall be registered under this Act unless it consists of at least ten persons each of whom is qualified for membership as provided under section 64 of this Act:

Provided that the Registrar may exempt any group of or body of persons from the requirements of this section where he considers it necessary.

(2) No secondary or apex organisation shall be registered under this Act unless it consists of at least two of its members as registered societies.

(3) The word "co-operative" or its equivalent in Kiswahili shall form part of the name of every society registered under this Act.

(4) The word "Limited" or its equivalent in Kiswahili shall be the last word, in the name of every society with limited liability registered under this Act.

Qualification 64.-(I) Only an individual having the following qualification for membership may be a member of a primary society other than a rural co-operative society:-

- (a) that he has attained the age of eighteen years; or
- (b) that he is following a trade or occupation relevant to the society's object with the society's area of operations as defined in the by-laws; and; or
- (c) that he has the common need which the society seeks to satisfy and the ability to make use of the society's services rendered for its satisfaction.

(2) Notwithstanding the provisions of paragraph (a) of sub-section (1), a person who has not attained the age of eighteen but has attained the age of fifteen and who in this section referred to as a minor, may become a member of a co-operative society but such person shall not be eligible to act as a member of a committee of the society until he has attained the age of eighteen.

Rights of minor 65.-(1) A society may receive moneys on share account, or on deposit account, from or for the benefit of a minor, and it shall be lawful for the society to pay such minor the dividend or interest which may become due on such shares or deposits.

(2) Any payment or deposit made on behalf of a minor pursuant to subsection (1) may, together with any dividend or interest, be paid to the guardian of that minor for the use of the minor.

(3) The receipt of any minor or guardian for money paid to him under this section shall be sufficient discharge of the society in respect of that money.

(4) The Minister may make rules prescribing the rights a minor may have in a society"

Contracts with minors 66. The fact that any person who has been admitted as a member of a society has not reached the age of eighteen years shall not prevent that person from executing any instrument or giving any acquittance necessary to be executed or given under this Act or the rules, and shall not be a ground for the invalidation of any

contract entered into by such person with the society, whether as or as surety, shall be enforceable at law as against such person notwithstanding his minority;

- 1) Where for the purposes of this Act any question arises as to whether
 - (a) person is an agriculturist;
 - (b) person is a resident in a town or village or a group of villages;
 - (c) two or more villages shall be considered to form a group;
 - (d) person belongs to any particular occupation; or
 - (e) person has attained the apparent age of eighteen years;
 ** the question shall be decided by the Registrar.
- (2) Any person aggrieved by a decision of the Registrar given section (1) may in writing appeal to the Minister whose shall be final and shall not be subject to review by any

Power of Registrar to decide certain questions

68. (1) No company incorporated or registered under the companies Ordinance and no unincorporated body of persons entitled to become a member of a registered society except with the written permission of the Registrar and subject to such may be made under section.

membership subject to Registrar's permission in certain cases

(2) Company registered under the Companies Ordinance may, by a special resolution as defined in that Ordinance, and with the approval of the Registrar, determine to convert itself into a co-operative society.

69 . (1) For the purpose of registration an application shall be made to the Registrar.

Application for registration

- (2) The application shall be signed-
 - (a) in the case of a society which after registration will be a primary society, by at least ten persons or such number of persons as the Registrar may approve, who are qualified in accordance with the requirement of section 64.
 - (b) in the, case of a society which after registration will be a secondary society, by the duly authorized persons of at least two primary societies which are members of such secondary society
 - (c) in the case of an apex organization, by the duly authorized persons of at least two registered secondary societies which are members of such apex organisation.
- (3) The application shall be accompanied by-
 - (a) three copies of the proposed by-laws of the society, signed by the applicant;
 - (b) a report, except in the case of an apex organisation, of a feasibility study indicating the viability of the society; and

(c) such other information in regard to the society as the Registrar may require.

(4) The Registrar may prescribe the forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure in the matter of such application.

Registration

70.-(1) If the Registrar is satisfied that a society has complied with the provisions of this Act and of the rules, and that its proposed by-laws are not contrary to this Act, the rules and the co-operative principles and that the proposed undertaking is likely to be viable, he may register the society and its by-laws.

(2) Before registering any society or its by-laws the Registrar may require that the by-laws shall be amended so as to conform with such directions as he may give in that behalf.

(3) On registration the society shall pay such fees as may be required by the Registrar.

(4) The Registrar may refuse to register a society only if he is not satisfied in terms of subsection (1)

(5) An appeal shall lie to the Minister from a decision of the Registrar refusing to register a society under subsection (1) of this section and the Minister's decision thereon shall be final and shall not be subject to review by any court

(6) Every appeal under subsection (5) shall be made within sixty days from the date of the decision of the Registrar.

Certificate of
registration

71. If the Registrar approves registration he shall issue a certificate of registration to the society, together with the copy of the by-laws certified by him as having been duly approved and registered.

Probationary,
societies

72.-(1) Where by reason of non-compliance with any provision of this Act or of the rules or any direction given by him, the Registrar, acting under the powers conferred upon him by section 68, is unable to register a society but is satisfied that steps can be taken with diligence by the applicants to comply with such provision or direction, as the case may be, he may, in his absolute discretion, by notice in writing (hereinafter referred to as a notice of deferment), defer registration of that society pending compliance with such provision or direction.

(2) The Registrar shall transmit the notice of deferment to the persons by whom or on whose behalf application for registration is made.

(3) A notice of deferment shall, subject to the provisions of this section and any condition specified in that notice, entitle the society in respect of which it is issued to operate as a registered society.

(4) A society entitled to operate as a registered society under the provisions as subsection (3) of this section shall be termed a probationary society and shall, while so entitled to operate, be deemed to be a body co-operate with perpetual succession and common seal, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose for which it is constituted:

Provided that no probationary society shall be entitled to operate as such a society for a period exceeding two years and if after that period the Registrar is satisfied that society registered under failed to comply with any provision of this Act or any direction given under sub-section (1), he shall cancel the registration if that probationary society.

(5) When a probationary society is duly registered under section 70, its certificate of registration shall supersede its notice of deferment which shall thereafter cease to have effect and the society shall be deemed for all purposes to have been registered from the date on which the notice of deferment in respect thereof was issued by the Registrar.

(6) The Registrar may, in his absolute discretion, cancel a notice of deferment by notice in writing to be addressed to the probationary society concerned and such cancellation shall from the date thereof, operate as a refusal to register the society for the purpose of section 70.

Provided that such cancellation shall not affect the validity of any transaction entered into by or with the society while its notice of deferment was in force.

(7) Where the notice of deferment of a probationary society is cancelled under subsection (6) of this section, the Registrar may appoint a competent person to be a liquidator of the society.

(8) The provisions of subsection (3) of section 61, subsection (2) of section 63, section 74, subsection (2) and (3) of section 86, section 75, 93, 101, 121, 142, 143, 144, 145 and 146 shall not apply to a probationary society.

(9) Subject to the provisions of subsection 8 of this section, any reference in any law, including this Act, to a registered society within the meaning of this Act shall, unless the context otherwise requires, include a reference to a probationary society.

(10) A probationary society shall cause the fact that it is probationary society to be stated in legible Roman letters in all bill-heads, letter papers, notices, advertisements and other official publications of the society and on a signboard in a conspicuous position outside any premises in which it operates.

(11) A probationary society which contravenes any of the provisions of subsection (10) and every officer of a probationary society which contravenes any such provision shall be guilty of an

offence and shall on conviction be liable to a fine of one thousand shillings and in the case of a continuing offence, to a fine of one hundred shillings for each day during which the default continues,

Registrar to
decide on
registration
within ninety
days

73.-(1) The Registrar shall consider and decide on an application for registration within ninety days from the date of the application, and, if for any reason he is not able to consider and decide on the application within that time, he shall make a report to the, Minister and the society which is applying giving reasons as to why he is unable to dispose of the application within that time.

(2) Where the Registrar makes a report in terms of sub-section (1), the Minister may direct him to finalize the application within sixty days from the date of the report or within such shorter time as it may be practically possible.

Evidence of
registration

74. A certificate of registration signed by the Registrar shall be conclusive evidence that the society mentioned in that certificate is duly registered unless it is proved that the registration of the society is cancelled.

Societies to
be bodies
corporate

75. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings, to do all things necessary for the purposes laid down in its constitution.

PART VII

RIGHTS AND LIABILITIES OF MEMBERS

Member not
to exercise
right till due
payment is
made

76.-(1) No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership, if any, or has acquired such interest in the society as may be prescribed by the rules or by-laws of the society.

(2) The provision of this section shall not apply in the case of a rural co-operative society.

Restriction
on member-
ship in society
with unli-
mited liability

77. No person other than a registered society shall be a member of more than one registered society with unlimited liability except with the sanction of the Registrar.

Votes of
members

78. Every member of a registered society shall have one vote only as a member in the affairs of the society and shall be entitled to attend the general meeting of the society and to record his vote in regard to any matter for decision of such meeting:

Provided that the by-laws of a secondary society may provide for the attendance at general meetings of delegates from the member societies or other bodies who are members of such secondary societies, and the member societies and other bodies shall each be entitled to such number of votes and to vote in such manner, as may be prescribed by the rules and the by-laws of the secondary society.

79.-(1) A member of a registered society shall not transfer any share held by him or his interest in the capital of the society, or any part thereof unless- Restriction on transfer of share or interest

- (a) such a member has held such share or interest for not less than five years;
- (b) the transfer is made to the society or to a member of the society or to a person whose application for membership has been accepted by the committee;
- (c) such a person has ceased to have any of the qualifications laid down in section 64.

(2) No transfer of a share or other interest shall be valid and effective unless and until such transfer and the name of the transferee has been registered on the directions of the committee of the society.

80.-(1) Except as provided in subection (2) of this section, the liability of a member, present or past, of a society, shall be limited to the amount, if any, unpaid on the shares held by him, and his liability shall be known as liability limited by shares. Liability of a member

(2) Where in the by-laws of the society the amount of liability of a member is expressed to be greater than the nominal value of the shares held by him and such amount is expressly stated 'then the liability of such a member shall extend to such greater amount, and his liability shall be known as liability by guarantee.

81 The liability of a past member for the debt of a registered society as they existed at the time when he ceased to be a member shall, notwithstanding the provisions of any written law to the contrary, continue for a period of two years from the date of his ceasing to be a member. Liability of past members

82 The estate of deceased shall, notwithstanding the provisions of any written law to the contrary, be liable for a period of one year from the time of his death for the debt of the registered society as they existed at the time of his death: Liability of the estates of deceased member

Provided that in the event a society is wound up immediately after a period of two years, the liability of such estates of the deceased or past member shall continue until the liquidation proceedings of the society are completed but such liability shall extend only to the debt of the society as at the time of his death or of his ceasing to be a member.

PART VIII

DUTIES OF REGISTERED SOCIETIES

Address of
societies

83. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar a notice of every change thereof.

Copy of Act,
the rules and
of by-laws
be open to
inspection

84. Every registered society shall keep a copy of this Act and of its by-laws open to inspection, free of charge, at all reasonable

Power to
make by-laws

85-(1) Every registered society shall have power to make by-laws for any such things as are necessary or desirable for the purpose for which such a society is established,

(2) Without prejudice to the generality of subsection (1) every registered society may make by-laws in respect of the following matters-

- (a) the name and registered address of the society;
- (b) the area of the operation of the society;
- (c) the object for which the society is established;
- (d) the purpose to which the funds of the society may be applied and the mode of custody and investment of such funds;
- (e) the qualifications for membership of the society; the terms of admission of members, the entrance fees, if any, and the mode of election;
- (f) the nature and extent of the liability of members;
- (g) the withdrawal and expulsion, suspension of members and the payment, if any to be made to such members;
- (h) the transfer of shares or interest of members;
- (i) the manner of conducting meetings of the society and the powers of such meetings;
- (j) the appointment, suspension and removal of members of the committee and officers and the powers and duties of the committee and officers;
- (k) the authorization of an officer to sign documents and to use the seal on behalf of the society.

(3) Where the objects of the registered society include the creation of funds to be lent to the member, additional by laws shall be made in respect of the following matters-

- (a) the conditions on which, loans may be made to members which shall include--
 - (i) the rate of interest;

- (ii) the maximum period which can be granted for the repayment of a loan;
- (iii) the maximum amount of money which may be lent to a member;
- (iv) the purpose of loans;
- (v) security for payment;
- (vi) the consequences of default in payment of any sum due on account of shares of loans and the consequences of failure to use a loan for the purpose for which it was granted; and

(b) the disposal of the annual net surplus.

(4) A by-law made under this section may empower a registered society to impose a fine upon a member of the society for the breach of the by-law which fine shall be recoverable by the society as a civil debt:

Provided that no fine may be imposed under the by-laws, on any member unless-

- (a) the member on whom the fine is intended to be imposed has been served with a notice, in writing, of the intention to impose the fine; and
- (b) the member within fourteen days, has failed to show cause why the fine may not be imposed on him.

86 -(1) Any registered society may, subject to the provisions of this section amend its by-laws including the by-laws which declares the name of the society. Amendment of the by-laws of the registered society

(2) No amendment of the by-laws of a registered society shall be valid until that amendment has been registered under this Act.

(3) If the Registrar is satisfied that the amendment of the by-laws is not contrary to this Act, he shall register the amendment.

(4) A society may, within two calendar months from the date of notification to it by the Registrar is refusal to register an amendment of any by-law appeal to the Minister against that refusal.

(5) An amendment which changes the name of the society shall not, affect any right or obligation of the society or any of its members past members, and any legal proceedings pending may be continued by or against the society under its new name.

(6) When the Registrar registers an amendment of the by-laws of a registered society, he shall issue to the society a copy of the amendment certified and sealed by him, and such copy so certified and sealed shall be conclusive evidence of the fact that the amendment has been duly registered.

(7) In this section "amendment" includes the making of a new by-law and the variation or revocation of a by-law.

By-laws of
the society to
bind mem-
bers

87.-(1) Every by-law of a registered society shall upon registration be binding upon the society and the members thereof to the same extent as if the by-law was signed by each member of the society and contained a covenant by each such member to observe the provisions of the by-laws,

(2) Any dispute arising out of the interpretation of a by-law of registered society shall be referred to the Registrar.

Accounts and
audit

88.-(1) Every registered society other than a primary society shall employ an internal auditor or such number of such internal auditors as are necessary for the efficient checking of the accounts of a society.

(2) Every registered society shall keep proper accounts and other records in relation thereto and shall prepare in respect of each year a statement of accounts in a form which conforms to the best accounting standards.

(3) The accounts of every registered society shall be audited at least once in a year by the Corporation.

(4) As soon as the accounts of a registered society of the year have been audited the society shall cause to be sent to the Minister a copy of the audited balance sheet and statement of income and expenditure prepared in respect of that year together with any report made by the auditors thereon.

(5) The auditors' report referred to under subsection (4) shall include an examination of the balance sheet and related income statement and a valuation of assets and liabilities of the registered society.

(6) "When the accounts of a society have been audited and adopted by the general meeting of the society and approved by the Director of the Co-operative Audit and Supervision Corporation, they shall be conclusive, except as regards any error discovered therein within six months following the date of approval by the Director and except as regards any allegation of fraud, and, whenever any such error is discovered within that period the accounts shall forthwith be corrected with the approval of the Director of the Co-operative Audit and Supervision Corporation, and thereafter shall be conclusive except as regards any allegation of fraud;"

Registrar
may require
bank to pro-
duce informa-
tion, etc.

89. Notwithstanding anything in any other written law, the Registrar may, if he considers it necessary to do so require any bank-

- (a) to furnish any information regarding the transactions of any registered society with the bank;
- (b) to produce a copy showing the accounts of the society with the bank from the ledger kept by the bank;
- (c) to produce any cheques paid to the credit of the society or endorsed by the society.

90.-(1) If any audit, inquiry or inspection made under this Act Communication discloses any defect in the working of a registered society, the of defects in the working of the society, the Registrar shall bring such defect to the notice of the society and if of the regi- the society is affiliated to another registered society he shall bring tered societies such defect to the notice of that other society as well.

(2) The Registrar may make an order directing the society or its officers to take such action as shall be specified in the order and within such time as he may direct in that order as will remedy any defect disclosed in the audit inquiry or inspection.

91. The Registrar may prescribe the returns to be submitted by Returns to be registered -societies to the Registrar and the persons who have to made by submit those returns and the form in which those returns are to be societies made.

PART IX

PRIVILEGES OF REGISTERED SOCIETIES

92. No act of a registered society or of any person purporting to Defect in the act on behalf of the society in good faith shall be deemed to be constitution, not to render invalid by reason only of the existence of any defect in the constitu- act of a regis- tion of the registered society or of a committee of such registered tered society invalid society or in the appointment or election of an officer of such a society on the ground that such officer was disqualified for his appointment.

93 .-(1) A registered society which has one of its objects the Disposal of disposal of any article which is the produce of agriculture or animal produce to or husbandry, may provide in its by-laws or may contract with its through a registered members- society

- (a) that every such member who produces any such articles shall dispose of the whole of any specified amount proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged to be guilty of a breach of by-laws or contract, shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by its by-laws.

(2) a contract made by a registered society under subsection (1) shall create in favour of the registered society a first charge upon all articles as referred to under subsection (1) whether those articles have been produced or are about to be produced.

(3) In any legal proceedings arising out of a contract made under subsection (1) it shall not be a defence that the contract is in restraint of trade.

(4) A member of a registered society shall be deemed not to have contravened the by-laws of the society which requires him to deliver any produce to the society if the failure to deliver such

produce to the society was due to the fact that he had, prior to becoming a member of the society, contracted to deliver the produce to some other person.

(5) Every person who applies for membership of a registered society shall, if required so to do, disclose in his application particulars of all contracts made by him for the delivery of any produce to any other person.

Creations of charges in favour of registered societies

94.- (1.) Subject to any prior claim of the Government on the property of the debtor and to the lien or of claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon-

(a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all produce of agriculture, animal husbandry, fisheries or any industry and generally all produce of labour and things used in connection with production raised, purchased produced in whole or in part from any loan whether in money or in goods given to him by the society:

Provided that nothing herein contained shall affect the claim of any *bona fide* purchaser or transferee without notice.

(b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be first charge upon his interest in the immovable property of the society.

(2) No person shall transfer any property which is subject to a charge under subsection (1) except with the previous permission in writing of the co-operative society which holds the charge.

(3) Notwithstanding anything contained in any law for the time being in force any transfer of property made in contravention of the provisions of subsection (2) shall be void.

Charges and set off in respect of shares or interest of members

95. A registered society shall have a charge upon the shares or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus, or accumulated funds payable to or due from such member or past member to the society and may set off any sum credited or payable to a member or past member or in towards payment of any such debt.

Shares or interest not liable to attachment

96. Subject to the provisions of section 94 the share or interest of a member in the capital or a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and the official receiver under the law relating to bankruptcy for the time being in force shall not be entitled to or have any claim on such share or interest.

97. -(1) On the death or declaration of permanent insanity of a member, a registered society may transfer the share or other interest of the member to the person nominated in accordance with the by-laws of the society, or if there is no person so nominated, to such person (as may appear to the committee) to be the heir or legal representative of the member may pay to such nominee, heir or legal representative as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the by-laws or customary law.

Provided that-

- (a) in the case of a registered society with unlimited liability such nominee, heir, or legal representative, as the case may be, may require payment by the society of the value of the shares or interest of the deceased member ascertained as aforesaid.
- (b) in the case of a society with limited liability the society may transfer the share or interest of the member to such nominees, heir or legal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within six months of the date of the death or declaration of permanent insanity to any person specified in the application who is so qualified.
- (2) A registered society shall pay other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.
- (3) All transfer and payment made by a registered society in accordance with the provisions of this section shall be valid and effective against any demand made upon the society by any other person.
- (4) The Registrar may prescribe the mode in which the value of a deceased member's interest shall be ascertained and the nomination of a person to whom such interest may be paid or transferred shall be made.
- (5) The Registrar may prescribe the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and the nomination of any person to whom such interest may be paid or transferred shall be made.

98. -(1) Any register or list of members kept by any registered society shall be prima facie evidence of any of the following particulars entered therein-

- (a) the date at which the name of any person was entered in such register or list as a member; and
- (b) the date at which any such member ceased to be a member.

Register of
members

97.-(1) On the death or declaration of permanent insanity of a member, a registered society may transfer the share or other interest of the member to the person nominated in accordance with the by-laws of the society, or if there is no person so nominated, to such person (as may appear to the committee) to be the heir or legal representative of the member of may pay to such nominee, heir or legal representative as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the by-laws or customary law.

Provided that-

- (a) in the case of a registered society with unlimited liability such nominee, heir, or legal representative, as the case may be, may require payment by the society of the value of the shares or interest of the deceased member ascertained as aforesaid.
- (b) in the case of a society with limited liability the society may transfer the share or interest of the member to such nominees, heir or legal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within six months of the date of the death or declaration of permanent insanity to any person specified in the application who is so qualified.

(2) A registered society shall pay other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfer and Payment made by a registered society in accordance with the provisions of this section shall be valid and effective against any demand made upon the society by any other person.

(4) The Registrar may prescribe the mode in which the value of a deceased member's interest shall be ascertained and the nomination of a person to whom such interest may be paid or transferred shall be made.

(5) The Registrar may prescribe the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and the nomination of any person to whom such interest may be paid or transferred shall be made.

98. -(1) Any register or list of members kept by any registered society shall be Prima facie evidence of any of the following particulars entered therein-

- (a) the date at which the name of any person was entered in such register or list as a member; and
- (b) the date at which any such member ceased to be a member.

Register Of
members

Proof of
entries in
societies
books

99.-(1) A. copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be presented by the rules, received in any suit or legal proceedings civil or criminal as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of any registered society shall, in any legal proceedings to which the registered society is not a party be compelled to produce any of the society's books the contents of which can be proved under subsection (1) or to appear as a witness to prove any matter, transactions or accounts therein recorded unless the court for special reason so directs.

Exemption
from compul-
sory registra-
tion of-
instruments
relating to
shares and
debentures of
registered
society

100. Subject to the provisions of Part XII nothing in any written law requiring registration of instruments relating to shares and debentures shall apply to-

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

power to
exempt from
duty or tax

101.-(1) Notwithstanding the provisions of any law to the contrary the President may, by notice in the *Gazette*, in the case of any registered society or class of registered society reduce or remit-

- (a) the duty or tax which under any law for the time being in force may be payable in respect of the accumulated funds of the society or of the dividends or other payments received by the members of the society on account of the accumulated funds;
- (b) the stamp duty payable under Stamp Duty Act, on instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society or any class of such instruments, are respectively chargeable;
- (c) any registration fee payable under any law for the time being in force.

Acts, 1974
No. 20

(2) Nothing in subsection (1) shall be construed as restricting or limiting any power conferred on any authority to grant exemption from any tax duty, stamp duty or fee by the written law imposing the tax, duty, stamp duty or fee.

PART X

MANAGEMENT OF REGISTERED SOCIETIES

102. The control of the affairs of a registered society shall be vested in the general meeting summoned in accordance with the by-laws of the society and the rules. ^{General Meeting}

103.-(1) Every committee of a registered society shall consist of not less than four members in the case of a society formed in an urban area or a co-operative group operating in a rural area, and eleven members in the case of a rural co-operative society including the Chairman and Vice-Chairman of the committee. ^{Constitution of committee}

(2) The members of the committee, shall be elected by the general meeting of the society and shall hold office for a period of three years and shall be eligible for re-election:

Provided that in the case of those members of the committee elected at the first general meeting of the society, one third of such members, to be determined by the ballot drawn by the Chairman at the first meeting of the committee held after such election, shall retire at the expiration of a period of one year from the date of their election and of the remaining members one half, to be determined as aforesaid, shall retire at the expiration of a period of two years from the date of their election.

(3) Where any person is elected to the committee to fill a vacancy caused by death, resignation or removal of a member of the committee, such person shall hold office for the remainder of the term of office of his predecessor.

(4) For the purpose of the proviso to-subsection (2), the expression "one third" shall mean, where the number of the members is not three or a multiple of three, the nearest whole number below one third and the expression "one half" shall mean, where the number of the members is not an even number, the nearest whole number below one half.

104.-(1) The committee shall exercise all the powers necessary to ensure the full and proper administration of the society subject to the by-laws of the society the rules and any resolutions passed at a general meeting. ^{Power of the committee}

(2) The committee may, in consultation with the Registrar, appoint a suitable person to administer and manage the affairs of the society and may employ such number of persons as the committee may think fit to assist such person in the discharge of his functions:

Provided that such person shall not have a record of previous conviction on a criminal charge involving dishonesty-or be a person who has in the past been dismissed from public service on ground of mismanagement or on any disciplinary ground.

(3) Where, in the opinion of the Registrar, any person employed under subsection (2) is not performing his functions satisfactorily, the Registrar may advise the committee to terminate the employment of that person and the committee shall consider such advice and subject to any law for the time being regulating termination of employment, shall terminate the employment of such person.

Restriction
relating to
members of
committee

105.-(1) No member of the committee of registered society shall hold any office of profit under the society:

Provided that this shall not apply in the case of an industrial society.

(2) A member of the committee of a registered society may receive an honorarium from the society if-

- (a) the payment of an honorarium is authorized by a resolution to that effect passed at a general meeting of the society;
- (b) the amount of the honorarium shall be determined by the general meeting;
- (c) the Registrar has granted permission in writing for the payment of such honorarium.

(3) A member of a committee who is in the employment of a registered society and is in receipt of emoluments for such employment shall not be entitled to receive any honorarium as a member of the committee.

(4) Where a person is a member of the committees of two or more registered societies he shall not be entitled to receive an honorarium in respect of more than one registered society.

Dissolution
of the com-
mittee of a
Society

106. -(1) If the Registrar is of the opinion that the committee of any registered society is not performing its duties properly he may, after giving an opportunity to the committee to state its objections, if any, to its dissolution, and after considering such objections at a general meeting of the society summoned by him by order in writing dissolve the committee and by the same or subsequent order-

- (a) direct the society, within such time as may be specified in the order, to elect a new committee in accordance with the by-laws of the society; or
- (b) appoint a fit and proper person or two or more of such persons to assume all the functions of the committee and to manage and administer the affairs of the society and may from time to time remove or replace any person so appointed:

Provided that in the exercise of his powers under this paragraph he shall consult the Secretary General.

(2) Every order under subsection (1) shall be published in the *Gazette*.

(3) Every appointment under paragraph (b) of subsection (1) shall have effect for such period not exceeding six months as may be specified in the order containing such direction:

Provided that the Registrar may in his direction from time to time amend the order for the purpose of extending the period during which the appointment shall so have effect shall not exceed one year.

(4) The Registrar may in consultation with the Secretary General fix the remuneration payable to any person or persons appointed by him under this section to assume the functions of a committee of a registered society. The amount of such remuneration and other expenses, if any, incurred in the management of the society or such portion of such amount as the Registrar may direct shall be payable from the funds of the society.

(5) It shall be the duty of the person or persons appointed under this section to manage the affairs of a registered society and to comply with the directions, which the Registrar in consultation with the Secretary General may give.

(6) The person or persons appointed under this section to manage the affairs of the registered society and who hold office immediately prior to the date on which the appointment under paragraph (b) of subsection (1) ceased to have effect shall, prior to the date aforesaid arrange for the election of a new committee in accordance with the by-laws of the society.

(7) No order under subsection (1) shall be made by the Registrar in respect of any registered society if the society is indebted to any bank, except with prior consultation with bank in regard to the dissolution of the committee and the person by whom and the manner in which the affairs of the society are to be managed and administered.

(8) Nothing in this section shall be deemed to effect the power of the Registrar to cancel the registration of the society under section 142.

(9) An appeal shall lie to the Minister from any order made by the Registrar under subsection (1) and the decision of the Minister on any such appeal shall be final and shall not be subject to review in any court.

(10) Every appeal under subsection (1) shall be made within sixty days from the date of the publication in the *Gazette*, of the order appealed against.

Power of persons appointed under Section 106

107. Subject to the general direction and control of the Registrar, any person or persons appointed under section 106 to assume the functions of the committee of any registered society shall have all the powers, rights and privileges of a duly constituted committee of the society.

Committee to comply with any directions contained in reports

108. The committee shall without delay comply with any directions contained in an inspection report of the Registrar or in an audit report.

PART XI

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

Revenue of registered society

109.-(1) The revenues and funds of a registered society shall consist of-

- (a) all moneys derived from fees or charges specified by any by-laws made by the society;
- (b) all moneys derived from payment of subscription and issue of shares where this is applicable;
- (c) all revenue accruing to the registered society from deposits and loans from person who are not members as provided under the by-laws of the registered society;
- (d) all revenue accruing to the registered societies from savings deposits made by its members.
- (e) all moneys derived from the sale of any produce of the registered society or of any its property;
- (f) all moneys which a registered society may borrow from lending institution or any other source under its general powers of raising money by borrowing;
- (g) all money derived from fines imposed in respect of any contravention of any by-law made by registered society.

(2) Any other money lawfully derived by a registered society from any source not mentioned specifically in subsection (1) shall be and form part of the revenue and funds of that registered society.

(3) All revenue of a registered society shall be paid into the general fund of the registered society:

Provided that any receipt derived from any trade, industry, works, service or undertaking carried on or belonging to a registered society may, with the approval of the Registrar, be paid either in whole or in part into a separate fund.

110. -(1) The following rules shall apply in respect of the revenues and funds -of a registered societies, that is to say:- Rules to govern the maintenance of the revenues and funds of a registered society

- (a) an admission fee shall not be refunded except in the case where an application for membership has been rejected;
- (b) a share shall not be redeemed except in accordance with the provisions of the by-laws of society where such by-laws allow such redemption and in which case the said by-laws shall also specify the minimum number of shares a member shall hold while he is a member;
- (c) a regular or obligatory deposit shall be made in accordance with the by-laws of the society and shall not be withdrawn except for purposes and in accordance with conditions specified in the rules or on termination of membership, or of the purposes of securing a loan taken by or a guarantee given by a member; voluntary deposits may be withdrawn, subject to any conditions or restriction specified in the by-law of the registered society;
- (d) deposits or loans from persons who are not members of the registered society shall be subject to the provisions of this Act and of the by-law of the society;
- (e) a registered society which under this Act is required to maintain a reserve fund shall maintain that fund in accordance with the provisions of this Act and of the by-laws of the registered society.

(2) A society shall not issue bonds or debentures without the authority of the Registrar and shall in any such issue comply with any conditions prescribed by the Registrar.

111.-(1) A registered society shall not make a loan to any person other than a member: Restriction on loans

Provided that, with the approval of the Registrar, a registered society may make loans to another registered society:

Provided further that subject to the provisions of its by-laws a registered society may with the approval of the Registrar and in accordance with any conditions which the Registrar may from time to time prescribe, allow normal business credit to *bona fide* person to whom goods have been sold or services rendered by the registered society.

(2) Except with the permission of the Registrar a society shall not lend money on the security of any movable property other than produce or goods in which the society is authorized to deal.

(3) The Registrar may by general or special order prohibit or restrict the lending of money by any society or class of societies on the security of immovable property.

(4) Notwithstanding, the provisions of this section, a registered society may, with the permission in writing of the Registrar and subject to any rules made under this Act make a loan to any person for agriculture purposes.

Restriction on borrowing from non-members

112. N registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or by the Act.

Restriction of transactions with non-members

113. Save as provided under sections 111 and 112 the transaction of a registered society with persons other than members shall, be subject to such prohibition and restriction, if any, as the Minister may, by rules, prescribe.

investment of funds

114.-(1) A registered society may invest its funds: —

- (a) in interest bearing deposits in the Tanzania Rural Development Bank, the National Bank of Commerce or any financial institution such as may be approved by the Minister.
- (b) in the shares of any other registered society;
- (c) in government bonds and other securities; or
- (d) in such other investments as the Minister may by order published in *Gazette* declare to be authorized investment for the purposes of this section.

(2) The Registrar may direct any registered society to invest its funds or any portion of its funds in any one or more of the investments authorized by or under subsection (1) and it shall be, the duty of every registered society to comply with such directions.,

(3) If a registered society fails to comply with any direction given by the Registrar under subsection (2) the society and every officer thereof who is knowingly a party to the default shall be guilty of an offence and shall be liable on conviction to a fine not exceeding five hundred shillings.

Creation of a Central Cooperative Funds

115. There shall be a Central Co-operative Fund which shall be administered in such manner as the Minister may, by regulations prescribe.

Purpose of the Fund

116. The Fund shall be used in furtherance of co-operative education, training and research, audit and for the general, development of the co-operative movement in Tanzania.

Secondary societies contribute financial visions

117. Every secondary society shall contribute to the Fund a fixed amount to be determined by the general meeting of the pro-annual conference of the apex organization, subject to the approval of the Registrar.

118.-(1) The by-laws of a registered society shall provide the raising of funds to finance its activities either by the issue of share of by a cess or levy on agriculture or other produce or handicraft marketed through the society or by such other means as may be approved by the Registrar.

financial provisions

(2) Where the funds of a registered society to finance its activities are obtained by the issue of shares, the following provisions shall apply:-

- (a) the share capital shall not be reduced without the consent of the Registrar;
- (b) unless the Registrar otherwise in writing directs, a fund which shall be known as the share transfer fund shall be formed and maintained to meet expenditure which may be incurred by the society in purchasing the share of members whose membership has terminated with the consent of the committee;
- (c) no payment from the share transfer funds shall be made for the purchase of the share if any member whose membership has terminated without the consent of the committee;
- (d) no purchase of the shares of a member whose membership has terminated by reason of any cause other than death shall be made except with monies then available in the share transfer fund;
- (e) the amount standing to the credit of a share transfer fund shall not exceed ten per cent of the subscribed share capital;
- (f) where the share of a member is purchased by the society under the foregoing provisions, the amount paid therefor shall not exceed the par value of the share, and it shall be lawful for the society to pay such less sum than the par value as it considers reasonable, regard being had to the financial position of the society at the time of purchase;
- (g) the shares of members purchased as aforesaid shall be re-issued before any new allocation of shares is made.

119.-(1) No society shall pay a dividend or bonus or distribute any part of its accumulated funds before the balance sheet has been audited by a duly authorized auditor and approved by the Registrar.

Dividends and bonus

(2) No society with unlimited liability which advances money or goods to any member in excess of the money or the value of the goods deposited by him shall pay a dividend during the period of ten years from the date of its registration.

Reserve fund **120.**-(1) Every society which does Or can derive a profit from its transaction shall maintain a reserve fund.

(2) A society with unlimited liability, which advances money or, goods to any member in excess of money or goods or goods deposited by him, shall carry one fourth of the annual net surplus to the reserve fund.

(3) All other societies shall carry to the reserve fund such portion of the annual net surplus as may be prescribed by the rules and by-laws.

Distribution of net balances **121.** Subject to the provisions of this Act and of any rules made thereunder, a registered society may apply the annual net balance together with any sum available for distribution from previous ~ years to payment of bonus and to any staff incentive bonus scheme in such manner and in such proportion as may be prescribed by the rules or by its by-laws.

Contribution for charitable, educational and medical purposes **122.** Subject to the consent of the Registrar a registered society may by resolution in general meeting appropriate from its funds and expend on any charitable, educational or medical purposes or such other object as the Minister may approve.

PART XII

REGISTRATION OF CHARGES

Registration of charges **123.**-(1) Subject to the provisions of this Part, every charge to which this section applies, created by a registered society, shall so far as any security on the society's property is thereby conferred, be void against the liquidator and any creditor of the society unless the prescribed particulars of the charge, together with the instrument if any, by which the charge is created or evidenced, or a copy thereof verified in the prescribed manner, are delivered to the Registrar for registration within thirty days after the date of the creation of the charge, but without prejudice to any contract or obligation for payment of the money thereby secured, and when the charge becomes void under this section the money secured thereby shall immediately become payable.

(2) This section applies to the following, charges:

- (a) a charge for the purpose of securing any issue of debentures;
- (b) a charge created or evidenced by an instrument which, if executed by an individual, would require registration under the Chattels Transfer Ordinance;
- (c) a charge on immovable property, wherever situate, or any interest therein;
- (d) a charge on book debt of the society;
- (e) a floating charge on the property of the society.

(3) Where a negotiable instrument has been given to secure the payment of any book debts of a registered society, the deposit of the instrument for the purpose of securing an advance to the society shall not for the purpose of this section be treated as a charge on those book debts.

(4) The holding of debentures entitling the holder to a charge on immovable property shall not for the purposes of this section be deemed to be an interest in immovable property.

(5) Where a series of debentures containing or giving by reference to any other instrument, any charge to the benefit of which the debentures holders of that series are entitled *pari passu* is created by registered society, it shall, for the purposes of this section, be sufficient if there are delivered to or received by the Registrar, within forty five after the execution, of the deed containing the charge or, if there is no such deed after the execution of any debentures of the series, the following particulars:-

- (a) the total amount secured by the whole series; and
- (b) the date of any resolution authorizing the issue of the series and the date of the covering deed, if any by which the security is created or defined; and
- (c) a general description of the property charged; and
- (d) the names of the trustees, if any of the debenture holders; together with the deed containing the charge, or, if there is no such deed, one of the debentures of the series;

Provided that, where more than one issue is made of debentures in the series, there shall be sent to the Registrar for entry in the registrar particulars of the date and amount of each issue, but an omission to do this shall not affect the validity of the debentures issued.

(6) In this and the succeeding provisions of this Part "Charge" includes a mortgage and a letter of hypothecation, and references to the property and assets of a registered society include property and assets which the registered society is authorized to charge.

124.-(1) It shall be the duty of the registered society to send to the Registrar the particulars of every charge created by the society to which section 123 applies, but registration of any such charge may be effected on the application of any person interested therein.

Duty of society
to register
charges created
by society

(2) Where registration is effected on the application of some person other than the society that person shall be entitled to recover from the society the amount of any fees properly paid by him to the registrar on registration.

(3) If any registered society makes default in sending to the Registrar for registration the particulars of any charge to which section 123 applies, created by the society then unless the registra-

tion has been effected by some other person the society and every officer thereof who is knowingly party to the default shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred shillings for every day during which the default continues.

Duty of society to register charges existing on property acquired

125.-(1) Where a registered society acquires any property which is subject to a charge to which section 123 would apply if the charge had been created by the society after the acquisition of the property, the society shall cause the prescribed particulars of the charge, together with a copy (certified in the prescribed manner to be correct copy) of the instrument, if any by which the charge was created or is evidenced to be delivered to the registrar for registration within forty five after the date of which the acquisition is completed.

(2) If default is made in complying with the provision of this section the society in every officer thereof who is knowing a party to the default shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred shillings for every day during which the default continues.

Register of charges

126.-(1) The Registrar shall keep, with respect to each registered society a register in the prescribed form of all charges requiring registration under the provisions of this Part, and shall on payment of the prescribed fee, enter in the register with respect to any such charge the following particulars: —

- (a) in the case of a charge to the benefit of which the holders of a series of debentures are entitled, such particulars as are specified in subsection (5) of section 123;
- (b) in the case of any other charge: —
 - (i) if the charge is a charge created by the society, the date of it, creation, and if the charge was a charge existing on the property acquired by the society, the date of the acquisition of the property;
 - (ii) the amount secured by the charge;
 - (iii) short particulars of the property charged and
 - (iv) the persons entitled to the charge.

(2) The Registrar shall give a certificate under his hand of the registration of any charge registered in pursuance of the provisions of this part, stating the amount thereby secured, and the certificate shall be conclusive evidence that the requirements of this Part as to registration have been complied with.

(3) The register kept in pursuance of this section shall be open to inspection by any person on payment of the prescribed fee, not exceeding one shilling for each inspection.

(4) The Registrar shall keep a chronological index, in the prescribed form and containing the prescribed particular, of the charges entered in the register.

127.-(1) Every registered society shall cause a copy of every certificate of registration given under section 126 to be endorsed on every debenture or certificate of debenture stock which is issued by the society, and the payment of which is secured by the charge so registered: Endorsement of certificate of registration on debentures

Provided that nothing in this subsection shall be construed as requiring a society to cause a certificate of registration of any charge so given to be endorsed -on any debenture or certificate of debenture stock issued by the society before the charge was created.

(2) If any person knowingly and wilfully authorizes or permits the delivery of any debenture or certificate of debenture stock which under the provisions of this section is required to have endorsed on it a copy of a certificate of registration without the copy being so endorsed upon it, he shall, without prejudice to any other liability be guilty of any offence and liable on conviction to a fine not exceeding one thousand shillings.

128.-(1) The Registrar may, on evidence being given to his satisfaction that the debt for which any registered charge was given has been paid or satisfied, order that a memorandum of satisfaction of register be entered on the register, and shall, if required, furnish the society with a copy thereof. Entry of satisfaction and rectification of register

(2) The Registrar, on being satisfied that the omission to register a charge within the time required by this Part, or that the omission or mis-statement of any particular with respect to any such charge or in a memorandum of satisfaction, was accidental or due to inadvertence or to some other sufficient cause, or is not of a nature to prejudice the position of creditors or members of the society or that on other grounds it is just and equitable to grant relief may, on the application of the registered society or any person interested and in such terms and conditions as seen to him just and expedient, order that the time for registration shall be extended, or, as the case may be, that the omission or mis-statement shall be rectified.

129.-(I) If any person obtains an order for the appointment of receiver or manager of the property of a registered society or appoints such a receiver or manager under any powers contained in any instrument, he shall, within seven days from the date of the order or of the appointment under the said powers, give notice of the fact to the Registrar and the Registrar shall, on payment of the prescribed fee, enter the fact in the register of charges. of enforcement of security

(2) Where any person appointed receiver or manager of the property of a registered society under the powers contained in any instrument ceases to act as such receiver or manager, he shall on so ceasing, give the Registrar notice to that effect, and the Registrar shall enter the notice in the register of charges.

(3) If any person makes default in complying with any of the requirements of this section, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred shillings for every day during which the default continues.

Copies of
instrument
creating
charges to be
kept by
society

130.-(1) Every registered society shall cause a copy of every instrument creating any charge requiring to be registered under the provisions of this part to be kept at the registered address of the society.

(2) If any registered society fails to comply with the provisions of subsection (1) the society and every officer thereof who is knowingly a party to the default shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred shillings for every day during which the default continues.

Society's
register of
charges

131.-(1) Every registered society shall keep at registered address of the society a register of charges and enter therein all charges specifically affecting property of the society and all floating charges on the property or assets of the society giving in each case a short description of the property charged, the amount of the charge and the names of the persons entitled thereto.

(2) If any officer of the society knowingly and wilfully authorizes or permits the omission of any entry required to be made in pursuance of this section in any such register he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding five hundred shillings.

Right to
inspect copies
of instru-
ments creat-
ing mortgages
and charges
and society
register of
charges

132.-(1) The copies of the instrument creating any charge required to be registered with the registrar under the provisions of this Part, and the register of charges kept by the registered society in pursuance of section 130 shall be open during business hours (but subject to such reasonable restrictions as the society in general meeting may impose, so however that not less than two hours in each day shall be allowed for inspection) to the inspection of any creditor or members of the society without fee, and the register of charges shall also be open to the inspection of any other person on payment of such fee, not exceeding one shilling for each inspection as the society may determine.

(2) If inspection of the said copies or register is refused, any officer of the society refusing inspection or who knowingly and wilfully permits such refusal shall be guilty of an offence and shall be liable on conviction to a fine not exceeding ten shillings for every day during which such refusal continues and any court may by order compel an immediate inspection of the copies or register.

PART XIII

INSPECTION OF AFFAIRS

133.-(1) The Registrar may of his own motion, and shall, on ^{Inquiry by Registrar} the application of the majority of the committee or of not less than one-third of the members direct some person authorized by him by order in writing in this behalf to hold an inquiry into the constitution, activities and financial affairs of the registered society.

(2) All officers and members of the society shall produce such of the books and documents of the society and furnish such information in regard to the affairs of the society, as the person authorized by the registrar may require.

134.-(1) The Registrar shall make or cause to be made a ^{Inspection} continuous inspection on the constitution, activities and financial affairs of a registered society.

(2) Without prejudice to the generality of subsection (1) the Registrar shall, on the application of a creditor of a registered society, inspect or direct some person authorized by him by order in writing in this behalf to inspect, the books of the society:

Provided that no inspection under this subsection shall be carried out or directed unless-

- (a) the creditor satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) the creditor deposits with the Registrar such sum as security for costs of the proposed inspection as the Registrar may require.

(2) The Registrar shall communicate the results of any inspection carried out under subsection (1) to the creditor.

135.-(1) Where an inquiry is held under section 133 or an ^{costs of} inspection is made under section 134, the Registrar may, by a certificate under his hand and seal, make an award apportioning the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers society.

(2) The Registrar may lodge a certified copy of a certificate issued by him under subsection (1) in a court of a resident magistrate or a district court and upon being so lodged such certificate shall be deemed to be a decree passed by such court for the payment by the person named in the certificate to the Registrar of the sum specified in the certificate and such sum may be recovered in any manner prescribed by the Civil Procedure Code, 1966 for the enforcement of decrees and the provisions of that Code relating to executions of decrees shall apply, mutatis mutandis, to proceedings for the recovery Of costs awarded under this section.

Act, 1
No. 4

Surcharge

136.-(1) Whereupon an inquiry under section 131 or upon an inspection under section 134 the Registrar is satisfied that a past or present officer or member has made or authorized an unlawful payment or has by negligence or misconduct caused a deficiency or a loss or failure to bring to account or has by negligence or misconduct caused loss of or damage to any property of the registered society the Registrar may surcharge such person with the unlawful payment, deficiency or loss, or the sum which ought to have been brought to account or the value of the property lost or damaged or the cost of repairing the damage, as the case may be, or with such portion of such unlawful payment, deficiency, loss, sum, value or cost as the Registrar may consider reasonable having regard to all the circumstances of the case.

(2) The Registrar shall give notice in writing to every person surcharged under the provisions of subsection (1) of the amount surcharge and the grounds upon which the surcharge is made and every such person may, not later than thirty days from the receipt of such notice, appeal to the Minister, or, where the amount of the surcharge exceeds two thousands shillings, to the High Court.

(3) The decision of the Minister on any appeal made under subsection (2) shall be final and shall not be subject to review in any court.

(4) Where a person has been surcharged with an amount under this section and he fails to pay such amount within thirty days after the service of the notice upon him in accordance with subsection (2) or, if he has appealed to the Minister or the High Court, and he fails to pay the amount of the surcharge, if any, decided upon by the Minister or the High Court on appeal within fifteen days from the date of the decision of the Minister or the High Court the Registrar may issue a certificate under his hand and seal specifying the name and address of the person who has been surcharged and the amount of the surcharge and such certificate or a certified copy thereof may be lodged in a court of a resident magistrate or a district court and upon being so lodged it shall be deemed to be a decree passed by such a court for the payment by the person named in the certificate to the Registrar of the sum specified in the certificate and such sum may be recovered in any manner prescribed by the Civil Procedure Code, 1966 for the enforcement of decrees and the provisions of that Code relating to execution of decrees shall apply, mutatis mutandis, to proceedings for the recovery of such amount specified in the certificate.

(5) The Chief Justice may make rules regulating the procedure on an appeal to the High Court under this section.

PART XIV

AMALGAMATION AND DIVISION

137.-(1) Any two or more registered societies may, resolve, by Voluntary a resolution approved at a general meeting of each of the societies amalgamation at which not less than two-thirds of the members or delegates of the society are present and held after reasonable notice given of the place and time of the meeting and of the intention to move such resolution thereat, to amalgamate as a single society:

(2) Where the Registrar is satisfied that-

- (a) two or more registered societies have resolved to amalgamate as a single society in accordance with the provisions of subsection (1);
- (b) the proposed by-laws of the proposed amalgamated society are unobjectionable; and
- (c) the proposed amalgamation is not against the interest of the members of the societies proposing to amalgamate or against the public interest, he may, by order published in the *Gazette*, amalgamate the societies.

(3) Every order made under subsection (2) shall specify-

- (a) the date on which the societies shall amalgamate (hereinafter referred to as "the effective date");
 - (b) the names of the amalgamating societies; and
 - (c) the name of the amalgamated society,
- and may contain such directions as the Registrar may consider necessary for the purpose of giving effect to the amalgamation or for safeguarding the interests of any person.

(4) Where an order is made under subsection (2)-

- (a) all the assets and liabilities of the amalgamating societies shall, by virtue of such order and without further assurance, vest in the amalgamated society;
- (b) the Registrar shall called the registration of the amalgamating societies and such cancellation shall be effective as from the effective date, and
- (c) the Registrar shall, notwithstanding the provisions of section 69 and section 70, register the amalgamated society and the by-laws of the amalgamated society.

138.-(1) Where the Registrar is satisfied that it is in the inte- Compulsory rest of two or more registered societies to amalgamate as a single amalgamation society and that such amalgamation will not be against the public interest he may, by notice in writing, require the societies to amalgamate.

(2) Where a notice is given to two or more registered societies under subsection (1), the societies shall, within such time as may be specified in the notice, prepare by-laws for the proposed amalgamated society and submit the by-laws for the approval of the Registrar; and the Registrar may, after consultation with the societies, vary or amend the proposed by-laws.

(3) When the Registrar has approved the proposed by-laws he may, by order published in the *Gazette*, amalgamate the registered societies and the provisions of subsection (3) of section 137 shall apply to every such order.

(4) Every order made under subsection (3) shall have the same effect and consequences as an order made under subsection (2) of section 137.

(5) Where a notice is given to registered society under subsection (1) and the society fails to comply with any of the terms of such notice within such time as may be prescribed, the Registrar may, by order in writing, cancel the registration of the society.

"Voluntary
division

139.-(1) An existing registered society (hereinafter referred to as "existing society") may, resolve, by a resolution approved at a general meeting at which not less than two-thirds of the members or delegates of the society are present and held after reasonable notice given of the place and time of the meeting and of the intention to move such resolution thereat, to divide itself into two or more registered societies (hereinafter referred to as "new societies").

(2) A resolution passed under subsection (1) shall contain proposals for the division of the assets and liabilities of the existing society among the proposed new societies, and may prescribe the area of operation of, and specify the members who will constitute, each of the proposed new societies.

(3) Where the Registrar is satisfied that-

- (a) an existing society has resolved to divide itself into two or more new societies in accordance with subsection (1);
- (b) such resolution complies with the provisions of subsection (2); and
- (c) the proposed division is not against the interests of the members of the existing society or against the public interest, he may, by order published in the *Gazette*, divide the existing society into the proposed new societies.

(4) Every order made under subsection (3) shall specify-

- (a) the date on which the existing society shall be divided into the new societies (hereinafter referred to as "the effective date");
- (b) the name of the existing society and the names of the new societies into which it is divided;

- (c) the manner in which the assets and liabilities of the existing society shall be divided among the new societies; and
- (d) where necessary, the area of operation of each of the new societies,

and may contain such directions as the Registrar may consider necessary for the purpose of giving effect to the division or for safeguarding the interests of any person.

(5) Where an order is made under subsection (3)-

- (a) the assets and liabilities of the existing society subsisting on the effective date shall, by virtue of such order and without further assurance, vest in the new societies in the manner specified in such order;
- (b) the Registrar shall cancel, the registration of the existing society and such cancellation shall be effective as from the effective date; and
- (c) the Registrar shall, notwithstanding the provisions of section 69 and section 70, register the new societies and their respective by-laws.

140.-(1) Where the Registrar is satisfied that it is in the interest of an existing registered society (hereinafter referred to as "existing society") to divide itself into two or more new registered societies (hereinafter referred to as "new societies") and that such division will not be against the public interest, he may, by notice in writing, require the existing society to so divide itself. Compulsory division

(2) A notice given under subsection (1) shall contain proposals for the division of the assets and liabilities of the existing society among the proposed new societies, and may prescribe the area of operation of, and specify the members who will constitute, each of the proposed new societies.

(3) Where a notice is given to an existing society under subsection (1) the existing society shall, within such time as may be specified in the notice, prepare by-laws for the proposed new societies and submit the by-laws for the approval of the registrar; and the registrar may, after consultation with the existing society, vary or amend the proposed by-laws.

(4) Where the Registrar is satisfied that the proposed by-laws of the proposed new societies are unobjectionable he may, by order published in the *Gazette*, divide the existing society into the proposed new societies and the provisions of subsection (4) of section 139, shall apply to such order.

(5) Every order made under subsection (4) shall have the same effect and consequences as an order made under subsection (3) of section 139.

(6) Where a notice is given to a registered society under subsection (1) and the society fails to comply with any of the terms of such notice within such time as may be prescribed, the registrar may, by order in writing, cancel the registration of the society.

Defect or irregularity in notice, etc. **141.** No amalgamation of registered societies or division of registered society shall be invalid by reason only of any defect or irregularity in any notice or order required to be given or made under this Part.

PART XV

DISSOLUTION OF SOCIETY

nissolution **142.** If the Registrar after an inquiry has been held under section 133 or after an inspection has been made under section 134 or on receipt of an application made by three-fourths of the members of a registered society, is of the opinion that the society ought to be dissolved, he may, by order in writing and after due consultation with the Secretary General of the apex organization, cancel the registration of the society.

Cancellation of registration of Society **143.**-(1) Where it is a condition of the registration of a society that it should consist of at least ten members the Registrar may, by order in writing, cancel the registration of the society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten.

(2) When the Registrar has reasonable cause to believe that a registered society has not commenced, or has ceased to carry on business, he may, after the expiry of three months from the date of publishing a notice to that effect in the *Gazette*, by order in writing, cancel the registration of such society.

(3) The Registrar may, after inquiry, by order in writing, cancel the registration of any primary society which, having been a member of a secondary society, is expelled or withdraws from membership of such secondary society.

Appeal against cancellation of registration **144.**-(1) Where the registration of a society is cancelled under the provisions of-

- (a) subsection (5) of section 138; or
- (b) subsection (6) of section 140; or
- (c) section 142; or
- (d) section 143,

any member of the society the registration of which is cancelled may, within thirty days from the date of the order cancelling the registration, appeal from such order to the Minister.

(2) Where no appeal is presented within thirty days from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period.

(3) Where an appeal is presented within thirty days the order shall not take effect until it is confirmed by the Minister.

(4) Where an appeal has been presented within thirty days the, Minister may proceed to consider the same and confirm the order notwithstanding that thirty days have not elapsed and where an order is so confirmed no further appeal shall be allowed against such order.

145.-(1) Where the registration of a society is cancelled, the cancellation shall take effect and the society shall, save for the purposes of the winding-up of its affairs, cease to exist as a corporate body from the date when the order of cancellation takes effect. ^{Effect of cancellation of registration}

(2) Where the Registrar cancels the registration of a society under any of the provisions of this Act, he may make such order as he may deem fit respecting the custody of the books and documents and for the protection of the assets of the society until the order cancelling the registration of the society takes effect.

146. Where the registration of a society is cancelled under any of the sections 138, 140, 142, 143 the Registrar may appoint a competent person to be liquidator of the society and all assets and liabilities of the society shall vest in the liquidator as from the date when cancellation takes effect. ^{Winding-up}

147.-(1) A liquidator appointed under section 146 shall have the power subject to the guidance and control of the Registrar, and to any limitations imposed by the Registrar- ^{Powers of liquidator}

- (a) to institute and defend suits and other legal proceedings, by and on behalf of the society by his name or office and to appear in court as a litigant in person on behalf of the society;
- (b) to refer disputes to arbitration;
- (c) to determine the contribution to be made by the members and past members and by the estates of deceased members of the society respectively to the assets of the society;
- (d) to investigate all claims against the society, and, subject to the provisions of this Act, to decide questions of priority arising between claimants;
- (e) to determine from time to time by what persons and in what proportion the costs of the liquidation are to be borne;
- (f) to examine and investigate any claim which the society may have against any person;
- (g) to take possession of the books, documents and assets of the society; and
- (h) to give such directions in regard to the collection and distribution of the assets of the society and the disposal of the books and documents of the society as may appear to him to be necessary for winding up the affairs of the society.

(2) Subject to any rules made under section 163, a liquidator appointed under this section shall, in so far as such powers are necessary for carrying out the purpose of this section, have power to summon and enforce the attendance of witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided in the case of a court under the Civil Procedure Code, 1966.

(3) The rules may provide for an appeal to a court of a resident magistrate having jurisdiction over the area in which the headquarters of the society are situated from any decision made by a liquidator under this section and may provide for further appeal to the High Court.

(4) Decisions made under this section may be enforced as follows:

- (a) when made by a liquidator, by any court of resident magistrate having jurisdiction, in the same manner as the decree of such court;
- (b) when made by a court on appeal, in the matter of any such appeal as aforesaid in the same manner as a decree of such court in any suit pending therein

Power of
Registrar to
control liqui-
dation

148. A liquidator shall exercise his powers subject to control and revision by the Registrar, who may-

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from Office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing limit the powers of the liquidator under the provisions of the foregoing section;
- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator;
- (h) refer any subject of dispute between a liquidator and any third party to settlement if that party shall have consented in writing to be bound by the decision to be given on the dispute.

Power to stay
or restrain
proceedings
against
society

149. At any time after the cancellation of a registered society takes effect the liquidator, or any creditor or member of the society, may, where any suit or proceedings against the society is pending in any court, apply to the court in which the suit or proceedings is pending for a stay of proceedings therein and the court to which such application is made may stay the proceedings accordingly on such terms as it thinks fit.

150. Any disposition of the property including things in action of a registered society and any transfer of shares or alteration in the status of the members of the society made after the cancellation of the registered society takes effect shall, unless such disposition, transfer or alteration is made by the liquidator, be void.

Avoidance of dispositions of property, etc., after cancellation

151. Where the registration of a society is cancelled, any attachment, distress or execution put in force against the assets of the society after such cancellation takes effect shall be void.

Avoidance of attachment, etc.

152.-(1) Where, in the case of the winding-up of a society, it appears that any person who has taken part in the organization or management of the society or any past or present chairman, secretary, member of the committee or officer of the society has disappplied or retained or become liable or accountable for any money or property of the society or has been guilty of misfeasance or breach of trust in relation to the society, the Registrar may, on the application of the liquidator or of any creditor or contributor, investigate the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof as the case may be with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication, retainer, misfeasance or breach of trust as the Registrar thinks just.

Power of Registrar to assess damage against delinquent promoters, etc.

(2) Where the Registrar has ordered payment of any money or delivery of any property under sub-section (1) such money or property may be recovered on production of such order to the district court or the court of a resident magistrate having jurisdiction over the person from whom the money or property is claimable in the same manner as if such order were the decree of that court.

153. Any court of a resident magistrate may, on the application of the registrar or of the liquidator and on proof of probable cause for believing that any person or officer of the society mentioned in subsection (1) of section 152 is about to quit the United Republic or otherwise to abscond or remove any of his property for the purpose of evading calls or of avoiding investigation of his conduct or of avoiding examination by the liquidator or by the registrar respecting the affairs of the society or of avoiding compliance with any order made by the registrar under the said subsection (1) of section 152 cause him to be arrested and his books and papers and movable property to be seized and him and them to be detained until such time as the court may order.

Power to arrest absconding promoter, officer etc.

154. In every winding-up of a registered society all debts payable on a contingency, and all claims against the society, present or future, certain or contingent, ascertained or sounding only in damages, shall be admissible to proof against the society, a just esti-

Debts of all description may "proved"

mate being made, so far as possible, of the value of such debts or claims as may be subject to any contingency or sound only in damages, or for some other reason do not bear a certain value.

Where
society is
insolvent

155. In the winding-up of a registered society which is insolvent the same rules shall prevail and be observed with regard to the respective rights of secured and unsecured creditors and to debts provable and to the valuation of annuities and future and contingent liabilities as are in force for the time being under the law of bankruptcy with respect to the estates of persons adjudged bankrupt, and all persons who in any such case would be entitled to prove for and realise dividends out of the assets of the society may come in under the winding-up and make such claims against the society As they respectively are entitled to by virtue of this section.

Preferential
payments

156.-(1) In the winding-up of a registered society there shall be paid in priority to all other debts-

- (a) all Government taxes and local rates due from the society at the relevant date and having become due and payable within twelve months next before that date not exceeding in the whole one year's assessment;
- (b) all Government rents not more than one year in arrear;
- (c) all wages or salary (whether or not earned wholly or in part by way of commission) of any clerk or servant in respect of services rendered to the society during four months next before the relevant date and all wages (whether payable for time or for piece work) of any workman or labourer in respect of services so rendered; and
- (d) unless the society has, immediately prior to the relevant date, under any contract with insurers, rights capable of being transferred to and vested in the workman - , all amounts due in respect of any compensation or liability for compensation under any law for the time being in force in Tanzania relating to compensation of workmen, being amounts which have accrued before the relevant date.

(2) Notwithstanding anything in paragraph (c) of the foregoing subsection, the sum to which priority is to be given under that paragraph shall not, in the case of one claimant, exceed two thousand shillings:

Provided that where a claimant under the said paragraph (c) is a labourer in husbandry who has entered into a contract for the payment of a portion of his wages in a lump sum at the end of the year of hiring, he shall have priority in respect of the whole of such sum, a part thereof, as the liquidator may decide to be due under the contract, proportionate to the time of service up to the relevant date.

(3) Where any compensation under any law for the time being in force in Tanzania relating to compensation of workmen is a weekly payment, the amount due in respect thereof shall, for the purposes of paragraph (d) of subsection (1) be taken to be the amount of the lump sum for which the weekly payment could, if redeemable, be redeemed if the employer made an application for that purpose under such law.

(4) Where any payment has been made to any clerk, servant, workman or labourer in the employment of the society, on account of wages or salary out of money advanced by some person for that purpose, the person by whom the money was advanced shall in a winding-up have a right of priority in respect of the money so advanced and paid up to the amount by which the sum in respect of which the clerk, servant, workman or labourer, would have been entitled to priority in the winding-up has been diminished by reason of the payment having been made.

(5) The debts referred to in subsection (1) shall —

- (a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportions; and
- (b) so far as the assets of the society available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the society, and be paid accordingly out of any property comprised in or subject to that charge.

(6) For the purposes of this section —

- (a) any remuneration in respect of a period of absence from work through sickness or other good cause shall be deemed to be wages in respect of services rendered to the society during the period.
- (b) the expression "the relevant date" means the date on which the cancellation of the registration of the society takes effect.

157.-(1) Any transfer, conveyance, mortgage, charge, delivery of goods, payment, execution or other act relating to property made or done by or against a registered society within six months before the date on which the cancellation of its registration takes effect which, had it been made or done by or against an individual within six months before the presentation of a bankruptcy petition of which he is adjudged bankrupt, would be deemed in his bankruptcy a fraudulent preference, shall in the event of the society being wound-up be deemed a fraudulent preference of its creditors and be void accordingly.

Fraudulent
preference

(2) Any transfer, conveyance or assignment by a society of all its property to trustees for the benefit of all its creditors shall be void to all intents.

Liabilities
and rights of
certain
fraudulently
preferred
persons

158.-(1) Where anything made or done is void under section 164 as a fraudulent preference of a person interested in property mortgaged or charged to secure the society's debt, then (without prejudice to any rights or liabilities arising apart from this provision) the person preferred shall be subject to the same liabilities, and shall have the same rights, as if he had undertaken to be personally liable as surety for the debt to the extent of the mortgage or charge on the property or the value of his interest, whichever is the less.

(2) The value of the said person's interest shall be determined as at the date of the transaction constituting the fraudulent preference, and shall be determined as if the interest were free of all encumbrances other than those to which the mortgage or charge for the society's debt was then subject.

(3) On any application made to the liquidator with respect to any payment on the ground that the payment was a fraudulent preference of a surety or guarantor, the liquidator shall have jurisdiction to determine any questions with respect to the payment arising between the person to whom the payment was made and the surety or guarantor and to grant relief in respect thereof, notwithstanding that it is not necessary so to do for the purposes of the winding-up.

(4) Subsection (3) shall apply, with the necessary modifications, in relation to transactions other than the payment of money as it applies in relation to such payments.

Effect of
floating
charge

159. Where a registered society is being wound up, a floating charge on the undertaking or property of the society created within six months of the cancellation of the registration of the society taking effect shall, unless it is proved that the society immediately after the creation of the charge was solvent, be invalid, except to the amount of any cash paid to the society at the time of or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of six per cent per annum or such other rate as may for the time being be prescribed.

Disclaimer of
onerous
property in
case of soci-
ety wound up

160.-(1) Where any part of the property of a registered society which is being wound up consists of land of any tenure burdened with onerous covenants, of shares or stock in companies of profitable contracts, or of any property that is unsealable, or not readily saleable, by reason of its binding the possessor thereof to the performance of any onerous act or to payment of any sum of

money, the liquidator, notwithstanding that he has endeavored to sell or has taken possession of the property or exercised any act of ownership in relation thereto, may, with the leave of the Registrar and subject to the provisions of this section, by writing signed by him, at any time within twelve months after the cancellation of the registration of the society taking effect or such extended period as may be allowed by the Registrar, disclaim the property.

(2) The disclaimer shall operate to determine, as from the date of disclaimer, the rights, interest and liabilities of the society, and the property of the society in or in respect of the property disclaimed but shall not, except so far as is necessary for the purpose of releasing the society and the property of the society from liability, affect the rights or liabilities of any other person.

(3) The Registrar, before or on granting leave to disclaim, may require such notices to be given to persons interested, and impose such terms as a condition of granting leave, and make such other order in the matter as he thinks just.

(4) The liquidator shall not be entitled to disclaim any property under this section in any case where an application in writing has been made to him by any persons interested in the property requiring him to decide whether he will or will not disclaim and the liquidator has not, within a period of twenty-eight days after the receipt of the application or such further period as may be allowed by the Registrar, given notice to the applicant that he intends to apply for leave to disclaim, and, in the case of a contract, if the liquidator, after such an application as aforesaid, does not within the said period or further period disclaim the contract, he shall be deemed to have adopted it.

(5) Any person injured by the operation of a disclaimer under this section shall be deemed to be a creditor of the society to the amount of the injury, and may accordingly prove the amount as a debt in the winding-up.

161.-(1) Where a creditor has issued execution against the movable or immovable property of a registered society or has attached any debt due to the society, and the society is subsequently wound up, he shall not be entitled to retain the benefit of the execution or attachment against the liquidator in the winding up of the society unless he has completed the execution or attachment before the date on which the cancellation of the registration of the society takes effect: Restriction of rights creditor as to execution or attachment in case of society being wound up

Provided that:-

- (a) a person who purchases in good faith under a sale by bailiff on an order of a court any movable property of a society on which an execution has been levied shall in all cases acquire a good title thereto against the liquidator; and

(b) the rights conferred by this subsection on the liquidator may be set aside by the Registrar in favour of the creditor to such extent and subject to such terms as the Registrar may think fit.

(2) For the purpose of this section, an execution against movable property shall be taken to be completed by seizure and sale, and an attachment of a debt shall be deemed to be completed by receipt of the debt, and an execution against immovable property shall be deemed to be completed by seizure and, in the case of an equitable interest, by the appointment of a receiver.

(3) In this section and in section 162 the expression "movable property" includes all chattels personal, and the expression "bailiff" includes any officer charged with the execution of a writ or other process.

(4) The right conferred upon the liquidator by this section may be enforced by him by a civil suit in any court of competent jurisdiction.

Duties of
court as to
goods taken
in execution

162.-(1) When any movable property of a registered society is taken in execution and, before the sale thereof or the completion of the execution by receipt or recovery of the full amount of the levy, notice is served upon the court which issued the execution that the registration of the society has been cancelled, the court shall require the bailiff to deliver the movable property including any money seized or received in part satisfaction of the execution to the liquidator and the bailiff shall forthwith comply with such requirement.

(2) Where the bailiff on being required by the court under subsection (1); delivers the movable property including the money, if any, seized or received by him, the costs of the execution shall be a first charge on the goods or money so delivered, and the liquidator may sell the goods, or a sufficient part thereof, for the purpose of satisfying that charge.

Courts not to
have jurisdic-
tion in disso-
lution of
societies

163. Save so far as is expressly provided in this Act, no court shall have any jurisdiction in respect of any matter connected with the dissolution of a registered society.

Destruction
of books and
records

164. On the completion of his duties the liquidator shall hand over to the Registrar all the books and records of the society, and the registrar may after a period of three years from the date of the removal of the name of the society from the register cause such books and records to be destroyed or preserved in an archive.

PART XVII

RULES AND REGULATIONS

165.-(1) The Minister may, for any registered society or class Rules of such societies, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may-

- (a) subject to the provisions of section 62 prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;
- (b) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;
- (c) prescribe the matters in respect of which a society may or shall make by-laws and for the procedure to be followed in making, altering and abrogating by-laws, and the conditions to be satisfied prior to such making, alteration or abrogation;
- (d) prescribe the conditions to be complied with by persons applying for admission or admitted as members and provide for the election and admission of members, and the payment to be made and the interest to be acquired before the exercise of the right of membership and to provide for the termination of membership;
- (e) regulate the manner in which funds may be raised by means of shares or debentures or otherwise and the form in which any application for financial assistance from Government, any bank or any financial institutions shall be made;
- (f) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings and for the method of summoning members to such meetings and giving notice of such meetings to members;
- (g) provide for the appointment, remuneration, suspension and removal of the members of the committee and other officers and for the procedure at meetings of the committee and for the powers to be exercised and the duties to be performed by the committee and other officers and to provide for the delegation of the powers of the committee;
- (h) provide for the appointment and terms of service of employees of a society;
- (i) provide for the submission of annual estimates for the approval of the registrar;

Cap. 15

- (j) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society;
- (k) provide for the persons by whom and the form in which copies of entries in books of societies may be certified;
- (l) provide for the form of the register of members and for the particulars to be entered therein;
- (in) provide that any dispute touching the business of a society between the members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the committee or any officer shall be referred to the Registrar for decision or if he so directs to arbitration under the Arbitration Ordinance;
- (n) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled and for the liabilities of past members;
- (o) provide for the mode in which the value of a deceased member's interest shall be ascertained and for the nomination of a person to whom such interest may be paid or transferred;
- (p) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred;
- (q) prescribe the payments to be made and the conditions to be complied with by members applying for loans; the period for loans, the period for which loans may be made and amount which may be lent, to an individual member and the manner in which such loans shall be repaid;
- (r) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of the society;
- (s) prescribe the extent to which a society may limit the number of its members;
- (t) prescribe the conditions under which accumulated funds may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by societies;
- (u) prescribe the procedure for amalgamation and division of societies and conditions subject to which such amalgamation or division may be affected;

- (v) prescribe the procedure to be followed by a liquidator appointed under section 146 and the cases in which an appeal shall lie from any order of such liquidator;
 - (w) provide for the powers to be exercised and the duties to be performed by and the remuneration and other terms of service of a supervising Manager;
 - (x) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and prescribe for the administration of such a fund, and
 - (y) prescribe anything that, may be, or is required to be prescribed under this Act.
- (3) In any case where the Registrar is satisfied that a substantial number of members of any society are unacquainted with the English language he shall cause such rules to be translated into a language with which such members are acquainted, and addition- ally to be made known in such manner as is customary for the community concerned, but in the event of any dispute the English version shall be deemed to be the correct version-.

166. The Registrar shall, in consultation with the Secretary General of the apex organisation have power to make regulation - prescribing-

Power of
Registrar to
make regulations

- (a) the accounts and books to be kept by a society;
- (b) the returns to be submitted by a society to the Registrar and the persons by whom and the form and language in which such returns shall be submitted;
- (c) the maximum loan which may be made by a society to any of the members thereof without the prior consent of the registrar;
- (d) the maximum amount which a society may without the prior consent of the Registrar borrow either from members or from non-members-;
- (e) any form to be used for any purpose under *this Act;
- (f) anything for ensuring the proper administration of the affairs of registered societies.

167.-(1) Such fees as may be prescribed shall be charged in Fees respect of the following matters-

- (a) an application for registration;
- (b) the issue of a registration certificate;
- (c) the registration of by-laws;
- (d) the registration of amendments to by-laws;

- (e) a search in the registration register;
- (f) inspection of documents;
- (g) certified or uncertified copies of documents;
- (h) translations of documents;
- (i) the registration of charges;
- (j) the inspection of registers of charges;
- (k) any other matter in respect of which a fee is chargeable under the provisions of this Act:

Provided that the registrar may in his discretion vary or waive any of the said fees in the case of a primary society.

(2) Different fees may be prescribed for different classes or kind of societies.

Recovery of sums due to Government **168.** All sums due from a registered society or from an officer or member or past member of a registered society as such to the Government and other recognised financial organisation may be recovered in the manner provided for the recovery of debts due to the Government under the law for the time being in force.

PART XVI

OFFENCES

Offences

169.-(1) It shall be an offence under this Act if-

- (a) a registered society or an officer or a member thereof wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act by the Minister, the Registrar or any other person duly authorized in that behalf by the Minister or the Registrar, as the case may be; or
- (b) a registered society or an officer or member thereof wilfully makes a false return or furnishes false information; or
- (c) any person wilfully or without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Act or does not furnish any information lawfully required from him by a person authorized to do so under the provisions of this Act; or
- (d) any person acts or purports to act as a committee member when not entitled to do so; or
- (e) a registered society, or an officer or a member thereof, wilfully performs any act which requires the consent or approval of the Registrar without first having obtained such consent or approval;
- (f) a registered society or an officer or a member thereof wilfully omits to do or to cause to be done an act or thing which is required by or under this Act to be done;

- (g) a registered society or an officer or a member thereof willfully does or causes to be done any act or thing prohibited by or under this Act.

(2) Every registered society, officer or member of a society or other person guilty of an offence under this section shall be liable to a fine not exceeding ten thousand shillings and, where such offence has been committed by an individual, to imprisonment for a term not exceeding six months in addition to or in lieu of such fine.

170.-(1) Any person, firm or company having knowledge or notice of the existence of a contract described in section 93 or of an obligation imposed upon producers in accordance with the provisions of section 91 who solicits or persuades any person to sell or deliver produce in violation of that contract or obligation shall be liable to a fine not exceeding two thousand shillings for each offence, and shall in addition pay to the society concerned the market price of such produce as at the date of such offence.

Penalty for soliciting violation of contracts

(2) Any person, firm or company, as aforesaid, shall be deemed to have knowledge or notice of the existence of such contract or of such obligation if the said society has notified the existence of such contract or of such obligation in the *Gazette* and in any newspaper circulating in Tanzania.

171.-(1) No person other than a registered society shall trade or carry on business under any name or title of which the word "Co-operative" or its equivalent in any other language is part without the sanction of the Registrar.

Prohibition of the use of word "Co-operative"

(2) No person other than a *bona fide* savings and credit society shall trade or carry on business under any name or title of which the words "savings and credit society, or their equivalent in any other language is part without the sanction of the Registrar.

(3) Every person who contravenes any of the provisions of this section shall be guilty of an offence and shall on conviction be liable to a fine not exceeding four thousand shillings and in the case of a continuing offence to a further fine hundred shillings for each day on which the offence is continued after conviction therefor.

172. If any person, being a past or present officer or member of a registered society the registration of which has been cancelled and in respect of which a liquidator has been appointed-

Offences by officer of society being wound up

- (a) does not, to the best of his knowledge and belief, fully and truly disclose to the liquidator all the property, movable and immovable, of the society;
- (b) does not deliver up to the liquidator or as he directs, all such part of the movable or immovable property of the society as is in his custody or under his control;
- (c) does not deliver up to the liquidator, or as he directs, all books and papers belonging to the society; or

- (d) fraudulently, parts with, conceals, destroys, falsifies, mutilates or alter or is privy to the fraudulent parting with, concealment, destruction, falsification, mutilation or alteration, any book or paper relating to or affecting the property or affairs of the society,

he shall be guilty of an offence and shall be liable on conviction to imprisonment for a term not exceeding five years.

PART XVII

MISCELLANEOUS

Power to
exempt
societies from
conditions as
to registra-
tion

173. Notwithstanding anything contained in this Act the Minister may, by order published in the *Gazette* and subject to such conditions, if any, as he may impose, exempt any society from any Of the requirements of this Act as to registration.

Powerto
exempt regis-
tered
societies from
provisions of
the Act

174. The Minister may, by order published in the *Gazette* exempt any registered society from any of the provisions of this Act or may direct that such provisions shall apply to such society with such modification as may be specified in the order.

Appointment
of special
members to
committees

175.-(1) Notwithstanding any other provisions of this Act the Registrar may, subject to the provisions of this Section appoint Special members to the committee of any registrar society if such society is in receipt of financial assistance from the Government or if the Registrar considers such appointments to be necessary in the public interest or in the interest of the society.

(2) The number of special members appointed to a committee under this section shall not exceed one-third of the number of ordinary members, including the Chairman and Vice-Chairman (if any) of the committee.

(3) For the purposes of this section-

(a) a society shall be deemed to be in receipt of financial assistance from the Government-

- (i) if within the immediately preceding three years the society has received any grant of money from the Government;
- (ii) if any money has been lent to the society by the Government and the loan has not been repaid; or
- (iii) if any loan made to the society has been guaranteed by the Government and either the guarantee is still outstanding or the guarantee has been honoured by the Government and the society has not paid to the Government all sums (including interest, if any, thereon) paid by the (Government under the terms of the guarantee, and

- (b) the expression "one-third" shall mean, where the number of members is not three or a multiple of three, the nearest whole number below one-third.

176.-(1) A special member of a committee appointed under section 173 shall remain a member of the committee until his appointment is determined by the Registrar. Terms of appointment and power of special members

(2) Where the Registrar has appointed special members to a committee any such special member may require that any decision taken by such committee shall not have effect until the approval of the Registrar has been obtained and, where any such requirement is made in respect of any such decision, the decision shall be of no force or effect and shall not in any way be acted upon until the Registrar has signified his approval thereof.

(3) In addition to the powers conferred by subsection (2), a special member appointed to a committee shall, unless the Registrar otherwise directs, have all the powers of an ordinary member of that committee.

177. The provisions of the Companies Ordinance, and the Business Names (Registration) Ordinance, shall not apply to societies registered under this Act. Saving Cap. 212 Cap. 213

PART XVIII

REPEAL AND TRANSITIONAL

178. In this Part the Act means the Co-operative Societies Act, 1968. Construction No. 3 of 1979

179. Jumuiya ya Washirika Act, 1979 is hereby repealed. Acts, 1979 No. 9

180. The Co-operative Societies Act, 1968 is hereby repealed. Acts 1968 No. 27 repealed

181. Notwithstanding the provisions of section 185-

- (a) every society, and all by-laws of a society and any amendments thereof, registered under the Act shall be deemed to have been registered under this Act;
- (b) every committee of a registered society lawfully constituted under the provisions of the Act shall be deemed to have been constituted under this Act;
- (c) any register kept in pursuance of the Act shall be deemed to have been kept, and shall continue to be kept, in accordance with the provisions of this Act;
- (d) any document referring to a provision of the Act shall be construed as referring to the corresponding provision of this Act;

- (e) all orders, directions appointments and other acts and things lawfully made or done under any of the provisions of the Act and in force immediately before the commencement of this Act shall be deemed to have been made or done under the corresponding provisions of this Act and shall continue to have effect accordingly;
- (f) all rules and regulations made under the Act and in force immediately prior to the date upon which this Act comes into operation shall remain in force as if they had been made under this Act;
- (g) subject to this Act, where in pursuance to General Notice Number 1137 of 1976 the registration of any society was cancelled any immovable property which prior to the cancellation of that society vested in that Society, and where subsequent to the cancellation of that society another society with similar objects is formed in the area of operation of the society which was so cancelled, then such immovable property as has not been disposed of as at the time when that other society is formed, shall vest in that other society:

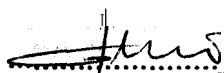
Provided that where any property so vested in that other society is subject to any mortgage, charge, liability or any incumbrance whatsoever, then the liability to satisfy the mortgage, Charge liability or the incumbrance as the case may be, shall vest in that other society, and the name of that other society shall be substituted for that of the former society or for that of the liquidator in any contract or instrument where the property is the subject matter and such contract shall continue as if it has been entered into between that other society and the other party to the contract:

Provided further that any vesting of property under this paragraph shall be subject to any directions that the Minister may give under this Act" -

Further transitional provisions. 182.-(1) Parliament may enact legislation modifying any law or laws relating to the functions of any crop authority for the purpose of facilitating effective assumption of functions of co-operative societies under this Act."

182.-(2) The Minister may, by notice published in the *Gazette*, at any time before the expiry of twelve months from the commencement of this Act, make such consequential, transitional or supplementary provisions as he may consider necessary consequent upon the enactment of this Act.

Passed in the National Assembly on the twenty-eight day of April, 1982


Clerk of the National Assembly