

*Repealed by
Law 25/1939*

NO. 18 OF 1936.

A LAW TO AMEND THE LAW RELATING TO CO-OPERATIVE CREDIT SOCIETIES.

H. R. PALMER,]
Governor.

[18th June, 1936.

BE it enacted :—

Short title.

13 of 1914
10 of 1925
18 of 1926
10 of 1928
10 of 1929
64 of 1932

1. This Law may be cited as the Co-operative Credit Societies (Amendment) Law, 1936, and shall be read as one with the Co-operative Credit Societies Laws, 1914 to 1929, as amended by the Co-operative Credit Societies (Amendment) Law, 1932, (hereinafter called "the Principal Law"), and the Principal Law and this Law may together be cited as the Co-operative Credit Societies Laws, 1914 to 1936.

Repeal of section 14 of Law 13 of 1914 and substitution of new section.

2. Section 14 of the Principal Law is hereby repealed and the following section substituted therefor :—

"Unlimited liability of society and contributory liability of members.

14.—(1) The liability of a society shall be unlimited.

(2) The members of a society shall, only on the liquidation of the society, be jointly and severally liable in respect of all obligations of the society.

(3) In any suit or other legal proceedings against a society in respect of any obligation of the society, no member thereof shall be made a party thereto either by name or in his capacity as a member."

Insertion of new heading and section in Law 13 of 1914.

3. The Principal Law is hereby amended by the insertion immediately after section 39 of the following heading and section :—

"*Supersession of Committee of Society.*

Supersession of committee.

39A.—(1) If, in the opinion of the Registrar, the Committee of any society is not functioning properly, he may, after giving an opportunity to the committee to state its objections, if any, by order in writing, dissolve the committee and appoint a suitable person or persons to manage the affairs of the society for a specified

period not exceeding two years. The period specified in such order may, at the discretion of the Registrar, be extended from time to time provided that such order shall not remain in force for more than four years in the aggregate.

(2) The person or persons so appointed shall, subject to the control of the Registrar, be empowered to recover the assets and discharge the liabilities of the society and take such other action as may be required in its interests.

(3) The Registrar may fix the remuneration payable to the person or persons so appointed. The amount of such remuneration and other costs, if any, incurred in the management of the society, shall be payable from its funds.

(4) The person or persons so appointed shall, at the expiry of the period of his or their appointment, arrange for the constitution of a new committee in accordance with any Rules in that behalf in force for the time being.

(5) Before taking any action under sub-section (1) in respect of any society, the Registrar shall, if the society is indebted to a financing bank, consult such bank with regard to the proposed action and the provision to be made for the management of the affairs of the society.

(6) Nothing in this section shall be deemed to affect the power of the Registrar to order the winding up of a society."

4. Section 40 of the Principal Law is hereby repealed and the following section substituted therefor:—

" Winding up a society.

40.—(1) If the Registrar, after an enquiry has been held under section 36 or after an inspection has been made under section 37 or on the receipt of an application made by three-fourths of the members of a society present at a special meeting convened for the purpose, is of opinion that the society ought to be wound up he may issue an order directing it to be wound up and may appoint a liquidator for the purpose and fix his remuneration.

(2) The Registrar may, on his own motion, make a winding up order in respect of a society which has not commenced working or has

Repeal of section 40 of Law 13 of 1914 and substitution of new section.

ceased working or the membership of which is reduced to less than twelve members and may appoint a liquidator for the purpose and fix his remuneration.

(3) No society shall be wound up save by an order of the Registrar."

Repeal of section 41 of Law 13 of 1914 and substitution of new section.

5. Section 41 of the Principal Law is hereby repealed and the following section substituted therefor:—

" Bar of suit in winding up matters.

41. Save in so far as it may be expressly provided in this Law, no Court shall take cognizance of any matter connected with the winding up of a society and when a winding up order has been made no suit or other legal proceeding shall lie or be proceeded with against the society except by the leave of the Registrar and subject to such terms as he may impose."

Repeal of section 42 of Law 13 of 1914 and substitution of new section.

6. Section 42 of the Principal Law is hereby repealed and the following section substituted therefor:—

" Powers of liquidator.

42.—(1) A liquidator appointed by the Registrar shall be empowered—

- (a) to take immediate possession of all assets belonging to the society and of all books, records and other documents pertaining to the business thereof and to carry on the business of the society as far as may be necessary for the beneficial winding up of the same;
- (b) to institute and defend suits and other proceedings on behalf of the society by his name or office;
- (c) to investigate all claims against the society and, subject to the provisions of this Law, to decide by order questions of priority arising between claimants;
- (d) to pay claims against the society (including interest up to the date of the order for winding up) according to their respective priorities, if any, in full or rateably, as the assets of the society permit; the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order at such rate not exceeding the contract rate as may be fixed by him;