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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN  
OFFICE OF THE CHIEF COMMISSIONER  
ISLAMABAD CAPITAL TERRITORY

NOTIFICATION

*Islamabad, the 23rd February, 2018*

**S.R.O. 367(I)/18.**—In exercise of the powers conferred under Section 71 of the Cooperative Societies Act, 1925 (Act VII of 1925) read with the Justice Division's Notification No.17(2)80- Pb, dated 31st December 1980 issued in pursuance of Article 2 of the Islamabad Capital Territory (Administration) Order 1980 (P.O. No.18 of 1980) and all other powers enabling him in this behalf, the Chief Commissioner, Islamabad Capital Territory is pleased to make the following rules, in supersession of earlier Cooperative Societies Rules 1927, issued *vide* Notification No.5978/24, dated 14th July 1926:—

1. **Short title and commencement.**—(1) These rules may be called the Islamabad Cooperative Societies Rules, 2018.

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

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(3) **Definition.**—In these rules, unless the context otherwise requires, the following expressions shall have the meanings hereby respectively assigned to them, that is to say—

- (a) **“Act”** means the Cooperative Societies Act, 1925 (Act VII of 1925);
- (b) **“annual general meeting”** means a meeting of the general body of a cooperative society held annually in a manner prescribed in the Act and the Rules;
- (c) **“decree”** means any decree of a civil court and includes an award or a final order certified under Section-59 of the Act;
- (d) **“decree-holder”** means any person in whose favour a decree has been passed;
- (e) **“defaulter”** means any cooperative society or member of the society committing default of prescribed payment including but not limited to membership fee, annual charges/fee, development charges, cost of land and any other fees/charge as provided in the approved bye-laws of the cooperative society for which due notice for payment has been served on the member/cooperative society and service of notice is proved on record or an award has been passed for recovery of such amount;
- (f) **“department”** means Cooperative Societies Department, Islamabad Capital Territory, Islamabad;
- (g) **“government”** means the Chief Commissioner, Islamabad Capital Territory;
- (h) **“ICT”** means the Islamabad Capital Territory;
- (i) **“judgment-debtor”** means any cooperative society against which or any person against whom a decree has been passed;
- (j) **“PPRA”** means the Public Procurement Regulatory Authority, Government of Pakistan, Islamabad;
- (k) **“promoter”** means person or persons who take(s) part in the process of the organisation and promotion of a cooperative society and signs the application for registration;
- (l) **“schedule”** means the Schedule appended to these rules;



- (m) "section" means the section of the Act;
- (n) "share" means share in the capital of the cooperative society; and

## REGISTRATION

2. **Application for registration.**—(1) Every application for the registration of a society under sub-section (1) of Section 9 shall be in the form of *Schedule-A* hereto annexed.

(2) In addition to the copy of the bye-laws which is required to accompany the application for registration under sub-section (3) of Section 9 two other copies of the proposed bye-laws of the society shall be forwarded therewith.

(3) In case where one of the members of the society to be registered is a registered society a member of the Managing Committee of such registered society shall be authorized by such Committee by resolution to sign the application for registration and the bye-laws on its behalf and a copy of such resolution shall be appended to the application.

(4) On receipt of the application for registration and before disposal of such application under section 9, the Registrar may call for such further information from the applicants or make such independent enquiries, as he may deem fit.

(5) Subject to provision of section 9 of the Act, the Registrar may give, whenever necessary, the reasonable time not exceeding one month to the promoter members to modify the proposed bye-laws before finally registering the cooperative society.

(6) On registering a cooperative society and its bye-laws under section 9 of the Act the Registrar shall, grant to such cooperative society, a certificate of registration signed by him and bearing his official seal and containing the registration number of such cooperative society, and the date of its registration.

3. **Decision of Registrar to be communicated in case of refusal to register.**—If the Registrar refuses to register the society or its bye-laws under section 10, he shall communicate to the applicants his reasons for so doing. The Registrar may refuse to register cooperative society on any of the following grounds:—

- (a) the name of the proposed cooperative society is identified with or which nearly resembles the name of an already registered cooperative society or the name is in contravention of any law for the time being in force;

- (b) the cooperative society is already registered in any other province and concurrence of the concerned Registrar has not been obtained;
- (c) in the opinion of the Registrar, the name of the proposed cooperative society, is likely to deceive or mislead the members of the public as to its nature or identity;
- (d) if in the opinion of the Registrar, area of operation of a cooperative society extends over an un-manageable area;
- (e) the proposal for registration of a cooperative society is against the principles of Cooperative; and
- (f) any other ground considered just and equitable by the Registrar.

**3-A. Persons appointed to assist the Registrar.—**(1) Persons appointed to assist the Registrar under section 4 may be designated as the Additional Registrar, Deputy Registrar, Circle Registrar, etc.

(2) The Government or the Registrar may delegate, by general or special order any of the functions and powers of the Registrar under the Act and Rules to any officer appointed by the Government, who have sufficient experience about the functions and working of the Cooperative Societies Department.

#### **BYE-LAWS**

#### **4. Matters in respect of which a society shall or may make bye-laws.—**

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

- (a) the name and address of the society and its branches, the tribe, class, caste or occupation of its members if the membership is proposed to be so restricted, and the area for which it is to be registered;
- (b) the object of the society, the purposes to which its funds are applicable, the terms of admission of members, and their rights and liabilities, the consequences of default in payment of any sum due by a member and in the case of credit societies the conditions on which loans may be granted, and the rate of interest and the system of calculation of interest and the maximum number of members that may be admitted; and the case of non-credit societies the mode of conducting business purchase, sale, stock taking, and other like matters;



- (c) the mode of holding meetings and subject to the provisions of rules 5 and 6 the manner of making, altering and abrogating bye-laws;
- (d) the mode of appointments and removal of members of the committee and the employees, and the duties and powers of the committee and employees;
- (e) the manner in which capital may be raised;
- (f) the mode of custody and of investment of funds and subject to rules 14, 17, 18 and 19 the mode of keeping of accounts; and
- (g) the distribution of its profits.

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

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

**6. Amendment of Bye-Laws.—**(1) Bye-laws may be made, altered or abrogated by a resolution passed at annual general meeting of the society provided that:

- (a) due notice of any proposal to make, alter or abrogate the bye-laws is given in accordance with the bye-laws;
- (b) the resolution is passed by not less than two-third of the members present at the annual general meeting at which a quorum shall be present or, at an adjourned annual general meeting (at which if a quorum is not present members present shall form a quorum) and a copy of the resolution is forwarded to the Registrar within a period of three months from the date of meeting. A copy of the existing bye-law or bye-laws, so marked as to show the alterations proposed to be made, and three copies of the proposed amendments, signed by the officer-bearers of the society, shall be attached to the copy of the resolution; and
- (c) the making, alteration or abrogation of the bye-laws is approved and registered by the Registrar.

(2) On receipt of the copy of the resolution, the Registrar shall examine the amendments proposed by the cooperative society and if he is satisfied that the amendments are not contrary to the provisions of the Act or the rules made thereunder, he may register the amendments and certify these amendments.

(3) If, in the opinion of the Registrar, the proposed amendment needs any modification, he may inform the cooperative society of such modification in writing alongwith the reasons thereof.

(4) The Registrar shall register or refuse to register the amendment within a period of ninety days and in case, the Registrar does not communicate any decision within ninety days, the amendment in bye-laws shall be deemed to have been registered.

(5) In case the Registrar considers proposed amendments appropriate then, he shall issue amended bye-laws on receipt of the written request for the same from such applicant within a period of thirty days.

**6-A. Special General Meeting at the instance of the Registrar.—(1)**

Notwithstanding anything contained in the rules or bye-laws of a society as to the manner or summoning a General Meeting and a notice to be given, for the said purpose, any person authorized in this behalf by the Registrar may call a Special General Meeting for which a requisition has been made by the Registrar under subsection (2) of Section 13 in such manner and at such time and place as the Registrar may direct. A Special General Meeting so convened shall have powers to transact all business which can be transacted, at the Annual General Meeting under the bye-laws framed by the society and such other business is specially mentioned in requisition made by the Registrar.

(2) Every cooperative society shall ensure that the items to be discussed in the annual general meeting are clearly spelled out and there is no ambiguity in the agenda to be placed before the members.

(3) A cooperative society shall cause minutes of proceedings of annual general meeting to be entered in a book kept for that purpose.

(4) The minutes of meeting shall be drawn up free from all alterations and corrections, and shall be recorded in the minute book within four working days after the date of meeting and the minutes shall be signed by the presiding officer of the meeting or the President, Secretary or any other officer authorized in this behalf. In case of cooperative housing society, the minutes shall be circulated to all members within fifteen days of annual general meeting. In case of other cooperative societies, the minutes shall be displayed on the notice board of the office as well as on the official website of the cooperative society.



(5) The objections, if any, shall be placed before the Committee and shall also be placed before next annual general meeting.

(6) Until the contrary is proved, every annual general meeting of a cooperative society in respect of the proceedings whereof minutes have been so recorded shall be deemed to have been duly called and held.

(7) The society shall arrange uninterrupted video recording of all the proceedings of annual general meeting as corroborating piece of evidence of attendance of *bonafide* members and dispose of each agenda item by the members in a transparent manner.

(8) The quorum for the annual general meeting will be one-fifth of the total members of the society. If quorum is not formed, meeting will be adjourned for three hours and if there is no quorum for the adjourned meeting, it shall be deemed that members are not interested and the meeting will be cancelled and shall be rescheduled within 15 days.

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

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

9. **Value of share of member.**—(1) If a member resigns from his membership of society or dies, the sum representing the value of interest in the

capital of the society to be paid to him or his nominee; heir or legal representative, shall be ascertained as under:—

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

(2) The shares of a society shall not be hypothecated to that society by its members as a security for a loan.

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

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

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

Provided that:

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



- (iii) if the society itself is a Bank the approval of the Provincial Cooperative Bank, given in consultation with and countersigned by the Registrar, shall first be obtained:

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

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

**13. Interlending.**—For the purposes of sub-section (1) of Section 34, a loan means and includes a deposit made by one society with another society.

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

- (a) a register of members including persons nominated under section 27;
- (b) a register of shares and debentures (where capital is raised by shares or debentures);
- (c) a share transfer register (where capital is raised by shares of debenture);
- (d) cash account;
- (e) members loan account;
- (f) deposit account;
- (g) loan register;
- (h) interest account;
- (i) expense account;
- (j) bank account;
- (k) minute book, recording the proceedings of annual general meetings;
- (l) minute book, recording the proceedings of the committee;
- (m) register of member's credit worthiness; and
- (n) such other accounts and books as may from time to time be prescribed by the Registrar.

Provided that the Registrar may exempt any society or class of societies from the operation of clause (m) mentioned above.

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

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

(4) The accounts and books by a society shall be kept in such place and by such person as the Registrar may direct.

**15. By whom copies of documents or entries may be certified.—**For the purpose of section 31 copies of documents or entries in the books of a society may be certified by any office-bearer of the society.

**16. Inspection of Documents, Fees.—**(1) Members of Co-operative Societies or the public may inspect the following documents in the Registrar's office free of charge and may obtain certified copies thereof, on payment of fee mentioned in sub-rule (2):—

- (a) application for registration of a society;
  - (b) bye-laws of registered Societies;
  - (c) amendments of Bye-laws of a registered society;
  - (d) certificates of registration;
  - (e) orders for cancellation of the registration of society;
  - (f) audit memorandum of a registered society;
  - (g) annual balance sheet.
- (2) The Registrar shall give certified copies of the documents, which are liable to inspection as mentioned in clause (1) above, to a person demanding the same on payment of fee as specified hereunder:
- (a) for Registration Certificate of society      Rs. 1000; and



(b) in case of other documents, a sum calculated at the following rates:

(i) first 200 words or less Rs. 300

(ii) every additional 100 words or fraction thereof, Rs.200.

**17. Registrar may require statements and returns to be furnished.—**

The Registrar may require any society to submit any statement and any periodical return of receipts and disbursements on such dates and in such form as he may prescribe. Every housing society shall submit a property register to the Registrar on such dates and in such form as he may prescribe.

**17-A. Preparation of necessary statements of returns or accounts or books at the expenses of the societies.—**In case of failure by any society to submit any statement or return mentioned in rule 17 or to maintain any account or books mentioned in rule 14 or to get such accounts or books written according to the direction given by the Registrar under rule 14, the Registrar may depute an officer of the Provincial Government to prepare the necessary statements, or returns or accounts of books at the expense of the society. Such expenses shall be recoverable from the society in the manner specified in Section 65.

**18. Periodical financial statement to be furnished.—**(1) All registered societies shall submit quarterly financial statements in the form prescribed by the Government for the quarters ending March 31st, June 30th, September 30th, and December 31st, not later than April 15th, July 31st, October 15th and January 15th, respectively.

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

**19. Annual Balance Sheet.—**On or before the 15th September of each year, the Committee of every society shall publish an annual balance sheet showing (a) the profit and loss, (b) the receipt and expenditure of the previous financial year and (c) the assets and liabilities as they stood on June 30th. The balance sheet shall be in such form as the Registrar may prescribe or any society or class of society of societies. This balance sheet shall be open to the inspection of any member during office hours at the September 30th to the Registrar and to the Auditor appointed by the Registrar for the audit of that society.

**20. Transfer of interest.—**The name and address of every person nominated under section 27 and any revocation or variation of such nomination shall be entered in the register kept under rule 14, sub-rule (1), clause (a).

21. **Nomination of persons.**—(1) A member may, by writing under his hand deposited with the society during his life time or by a statement signed by the member made in any book kept by the society nominate any person to whom under section 27 his share or interest in the society or so much thereof as may be specified in such nomination without prejudice to the right of succession, shall be paid or transferred on his death.

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

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

23. **Distribution of bonus.**—No registered society shall distribute any bonus or shares beyond declared amount under section 38.

24. **Payment of dividend by consumer's producers or housing societies.**—(1) No society shall pay its shareholders a dividend exceeding 6 percent in any year on the paid-up share capital standing in the name of each shareholder. If a society is unable to pay dividend of 6 percent in any year, it may make good the deficit by paying the difference out of profits in future years.

(2) (a) No Resource or General Society shall, without the previous written sanction of the Registrar, pay to its shareholders a dividend exceeding 7 percent, (inclusive of bonus, if any) in any year on the paid-up share capital standing in the name of each shareholder;

(b) Such society may credit in any year a sum not exceeding 2 per cent on the paid-up share capital to a fund called 'the Dividend Equalization Fund' until the total amount in such fund amounts to 7 per cent of the paid-up share capital. Except for the purpose of paying a dividend, no withdrawals from such fund shall be made without the previous written sanction of the Registrar.

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

(4) No dividends shall be paid by any society otherwise than out of profits of the year or any other undistributed profits.



**25. Distribution of balance of profits, dividend or bonus.**—Any distribution of the remaining balance of profits under section 40 and after the distribution of dividend under section 38 shall be in accordance with bye laws of the society regarding such distribution. It shall be in proportion to the wages earned by each member in the case of producer's society, and to the amount of goods purchased by each member, or, where it is so provided in the bye-laws, by each member or customer, in the case of consumer society. It shall also in proportion to the amount of rent paid by each member in the case of a Housing Society and in the case of a resource society may be in proportion to the goods obtained or sold through the society by each member, or to the loans borrowed from, and the deposits made with, the society by each member.

**25-A. Limitation on the payment of dividend or bonus.**—(1) Subject to the provision of sub-section (2) of section 39 and clause (b) of section 40, in a society with unlimited liability in which members held shares, no dividend or bonus shall be paid until ten years have elapsed from the date of its registration. In the eleventh year, the accumulated net profits of previous years, less the amount carried to the reserve fund, may be appropriated among the members in the form of permanent shares, which will not be returnable except to widow, minor nominees of destitute members and past members subject to the approval of the Registrar in the twelfth and each following year, after at least one-fourth of the net profits of the year have been carried to the reserve fund, a dividend not exceeding 7 percent, on each fully paid-up share may be paid from the remainder of the profits.

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

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

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

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

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

**26-A. Co-operative conference and contributions to expenses thereof by societies.**—No society shall contribute any money towards the expenses of any cooperative conference unless such conference is held under the auspices of a society, which is authorized by its bye-laws to hold such conference. The Society holding the conference shall keep separate accounts of its income and expenditure due to such conference and such accounts shall be open to audit by the Registrar or the person authorised by him under section 22.

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

**28. Reserve fund and other funds.**—(1) The reserve fund of any registered society may be utilised in the business of the society, or be invested or deposited in any of the ways mentioned in clauses (a), (b), (c) and (d) of Section 37. The Registrar may, for reasons to be communicated in writing by him to the society, by general or special order, direct that the latter course be adopted. In the case of a society constituted with the object of cooperative housing on a co-partnership tenancy basis, the reserve fund may be utilised for expenditure on the maintenance, repair and renewal of the buildings of the society.

(2) The reserve fund shall consist of :—

- (a) the amounts out of the net profit, from year to year, subject to minimum of one percent of net profit for that year;
- (b) all admission fees received by the society from its members;
- (c) all transfer fees received by the society from its members on transfer of shares, along with the occupancy rights; and
- (d) all donations received by the society except those received for a specific purpose.

(3) The fund created by a cooperative society for the purpose of constructing buildings, shall be called the building fund. The amount of such fund



may when it is not utilised for the construction of building be used in the business of the society or be invested or deposited in the same manner and subject to the same conditions as the reserve fund of such society is permitted to be used, invested or deposited under the Act and these rules.

(4) Every cooperative society shall establish a contributory "provident fund" in accordance with section 41 for the benefit of its employees, which shall comprise all contributions made by the employees and the society in such a manner and subject to such conditions or restrictions, as may be prescribed by the Government for the benefit of the employees:

Provided that a provident fund shall not be used in the business of the society and shall not be liable to attachment or be subject to any other process of any court or authority;

### AUDIT OF SOCIETIES

29. **Levy of audit fees.**—(1) The Registrar may with the previous sanction of the Provincial Government levy audit fees on all societies; provided that in the case of an agricultural co-operative credit society, the audit fees so levied shall not exceed 5 percent calculated on the working capital of the society as it stood at the close of the last preceding co-operative year. The Registrar shall employ the proceeds of such audit fees in maintaining a staff to audit the accounts of the societies. Such audit fees shall be recoverable under Section 65.

(2) The Government or the Registrar may levy audit fees on all societies; provided that in case of an agricultural cooperative society, the audit fees so levied shall not exceed 5 percent calculated on the working capital of the society as it stood at the close of the last preceding cooperative year. The Registrar shall employ the proceeds of such audit fees, in maintaining a staff to audit the accounts of the societies. Such audit fees shall be recoverable under section 65 of the Act.

Provided that in case a re-audit of a cooperative society has been authorized by the Registrar, the audit fee may be recovered from a party on whose instance such re-audit has been authorized, or from the society, or from both.

30. **Audit of Cooperatives.**—(1) Every cooperative society shall get its accounts audited under section 22 by an auditor who is a Chartered Accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961), or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966), who shall be duly appointed by the Registrar within sixty days of the close of cooperative year.

Provided that the auditor is included in the list of 'credible auditors' issued by Institute of Chartered Accountants of Pakistan, from time to time.

(2) The Registrar may authorize a special audit of a cooperative society to be conducted by an auditor or a committee of auditors, as the case may be, by specifying the period for which the accounts of a cooperative society are to be audited.

(3) The Registrar shall, through a general or special order, specify the period of completion of special audit of a cooperative society by the auditor or a committee of auditors authorized under sub-rule (2).

(4) The Auditor or the Committee of Auditors, as the case may be, shall at all times have access to all the books, accounts, documents, papers, securities, cash and other properties belonging to, or in the custody of the cooperative society and the Auditor or Committee of Auditors, as the case may be, may summon any person in possession or responsible for the custody of any such books, accounts, documents, paper, securities, cash or other properties, to produce the same at any public office at the headquarters of the society or any branch thereof.

(5) The Auditor or the Committee of Auditors, as the case may be, shall complete the annual audit of a cooperative society before 31st August each year and send a copy of the report directly to the Registrar by a registered post or a courier or any other means within 07 days from the date of completion of the audit or before 10th of September, whichever is earlier.

(6) A copy of annual or special audit report, as the case may be, shall be shared with all such persons against whom any observation has been recorded in the audit report.

(7) The Registrar shall serve a show cause notice upon the society and upon all such persons against whom any observation has been recorded in the audit report within 7 days of issuance of annual or special audit report, as the case may be.

(8) The objections on the audit report, if any, shall be decided by the Registrar after hearing the society or persons within 30 days of issuance of annual or special audit report and such order passed by the Registrar shall be final.

(9) The Auditor or the Committee of Auditors, as the case may be, shall submit the audit report in the prescribed format after incorporating the order passed by the Registrar under sub-rule (8).



(10) Each cooperative society shall make the report of its audited accounts available to its members and have the same placed before the general body of the society.

**30-A. Duties of Auditor including a Committee of Auditors.—**(1) The Auditor or Committee of Auditors, as the case may be, shall take all possible measures to ensure transparency, objectivity, confidentiality and competence during the course of audit and shall not conceal, change, tamper, misstate or misreport any fact so as to make the audit trustworthy and above reproach.

(2) The audit shall be conducted, as far as possible, as per best practices and in accordance with guidelines issued by the Institute of Chartered Accountants of Pakistan.

(3) The audit report shall confirm that these guidelines have been followed and the accounts represent true and fair financial position subject to such qualifications as may be clearly stated:

Provided that the Registrar may seek additional information from the auditor or the committee of auditors, as the case may be, if the report is not accordance with these guidelines.

(4) The Auditor or the Committee of Auditors, as the case may be, shall among other things, verify the following transactions:—

- (i) Purchase of land / acquisition of land approval of Registrar alongwith verification of the revenue record clearly indicating ownership and possession of the land;
- (ii) Allotment of residential & commercial plots to the members of the Society and mode of allotment viz-a-viz bye-laws of a Society;
- (iii) Suits filed by or against the society including disputes raised under the Act and expenses incurred in this behalf;
- (iv) Agreements, contracts or other legal instruments pertaining to purchase of land and other assets;
- (v) Status of Layout Plan and NOC of the development work of the Society.

(5) The Auditor or the Committee of Auditors, as the case may be, shall also specifically address the following questions:—

- (i) *Whether the business of the society has been conducted according to the Act and Cooperative principles?*
- (ii) *Whether procedure laid down in the Bye-laws for admission of members is followed and deviations, if any, are placed for ratification by the AGM?*
- (iii) *Whether AGMs are held regularly and cover all areas of importance and the minutes are maintained properly?*
- (iv) *Whether the society has ownership and possession of the land and layout plan approved by the concerned development/ municipal authority?*
- (v) *Whether the development work in the society is being carried out in a transparent manner and PPRA Rules and guidelines are strictly adhered to in this regard?*
- (vi) *Whether the society is abiding by the Layout Plan approved by the concerned Development/Municipal Authority?*
- (vii) *Whether there are any committees, if so their composition and scope of activity. In case of such committees, how their functioning is reported to and overseen by the AGM?*
- (viii) *Whether remuneration paid to officers and staff of the society is as per bye-laws?*
- (ix) *Whether delegation of powers to officers and employees are in accordance with Act and Rules?*
- (x) *Any other aspect having a bearing on proper management of the society and its prospects.*

(6) The Auditor or the Committee of Auditors, as the case may be, shall point out deficiency or loss, if any, arising out of negligence or misconduct on the part of any employee or member of the committee, or of the society and after giving due opportunity to the persons whose actions are likely to be adversely commented upon in the audit report to explain why responsibility should not be fixed on them for the said deficiency or loss

(7) If the Auditor or the Committee of Auditors, as the case may be, has reason to believe that any books or other property of the cooperative have been



tampered with or are likely to be tampered with, if left with the cooperative society with a view to eliminate or efface or change or manipulate any evidence which may be deemed necessary by such officer or person in connection with the proof of any defect or irregularities noticed by him during the course of audit, he shall have the power to seize and impound such books or property during the period of audit.

(8) Any unusual features noticed by the Auditor or the Committee of Auditors, as the case may be, having a bearing on the future of the co-operative and which need immediate attention of the Registrar, the auditor should send such information to the Registrar without making any delay and without waiting for the completion of the audit. All such observations are part of the audited accounts.

**30-B Audit of accounts of consumers' societies.—**(1) Consumers' Societies with working capital exceeding rupees one million may at their option arrange for their own annual audit independently. The societies arranging for their own audit shall report the fact to the Registrar before the 1st of May every year. Failing the receipt of such report from any Consumers' Society before the 1st of May in any year, the Registrar shall arrange for the compulsory audit of such society by an official auditor. When the audit is made by an official auditor, a fee of Rs.1000 per day for the whole period of the audit (a portion of a day being treated as a full day) shall be recovered from the society and credited to Government.

(2) If, after an inquiry under Section 43 or an inspection under Section 44 or Section 44-A, the Registrar has grounds for thinking that the audit arranged independently by the society has been seriously defective, he may order the official auditor to make a fresh audit of the society, and may recover the cost of the audit from the society.

**30-C. Procedure for Assessing Damages against the Persons Under Section 22, 43, 44 And 44-A.—**(1) On receipt of the audit, inquiry or investigation under sections 22, 43, 44 and 44-A or an application from the committee, liquidator or any creditor, or otherwise, the Registrar or any other person authorised by him, may, make such further inquiries or investigation as he may deem necessary.

(2) On the completion of the further inquiries or investigation under sub-rule (1), if necessary, the Registrar shall, issue a notice to the person concerned, furnishing him the particulars of the acts of misapplication, retention, misfeasance or breach of trust and the extent of his liability involved therein and calling upon him to put in statements in his defence within fifteen days of the date of issue of the notice.

(3) On receipt of the statements referred to in sub-rule (2), if the Registrar satisfied that there are reasonable grounds for holding the person liable, shall frame charges.

(4) The person concerned shall, after the charges are framed, be asked to put in his statement in defence and to indicate the documentary or oral evidence that he would like to produce. The Registrar may subsequently permit production of other documentary or oral evidence, if considered necessary.

(5) The Registrar or a person authorised by him shall thereafter record the evidence led by the cooperative society or the liquidator or the person or persons concerned and take on record the documents produced by them, and shall thereafter fix a date for hearing arguments of the parties.

(6) On the day fixed for hearing under sub-rule (5), the Registrar shall hear the arguments and may pass his final orders on the same day or on any day fixed by him within fifteen days from the date on which the hearing was completed. On the day so fixed, the Registrar or the person authorised by him, as the case may be, shall make his final order either ordering repayment of the money or return of the property to the cooperative society together with interest at such rate as may be specified by him or to contribute such amount to the assets, of the cooperative society by way of compensation in regard to misapplication, retention, misfeasance or breach of trust as may be determined, or may reject the claim submitted on behalf of the cooperative society, or may exonerate the person or person.

(7) The Registrar may also provide in his order for the payment of the cost of the proceedings under this rule or any part of such cost as he thinks just.

(8) The Registrar or the person authorised by him shall furnish a copy of order, under sub-rule (6) to the party concerned within ten days of the date on which he makes the order.

(9) The Registrar may fix the cost of inquiry under Section 95 of the Act in case of inquiry / investigation conducted by an officer authorized by him.

### **INSPECTION OF AFFAIRS OF A SOCIETY**

**31. Procedure and Principles for the Conduct of Inquiry and Investigation.**—(1) An order authorizing any person under section 43, 44 or 44-A of the Act shall, among other things, state the following, namely:—

- (i) the name of the person or officer authorized to conduct the inquiry or investigation;
- (ii) the name of the cooperative society to be inspected, inquired, or investigated;



- (iii) the specific point or points on which the inquiry, investigation or inspection is to be carried out, the period within which the inquiry, investigation or inspection is to be completed and report submitted to the Registrar;
- (iv) cost of inquiry and name of the cooperative society or person who shall bear the cost if an inquiry or investigation is undertaken by the Registrar, the Registrar shall order inquiry, investigation or re-inquiry only after receipt of fees from the applicant or applicants, deemed sufficient to meet the costs of the inquiry to be conducted; and
- (v) any other matter relating to the inspection, inquiry or investigation:

Provided that no criminal proceedings by any agency shall be initiated against any society unless formal inquiry or investigation has been conducted by the Registrar or a person authorized by the Registrar.

(2) A copy of every order for authorization under section 43, section 44 or section 44-A, shall be provided to the concerned cooperative society along with the complainants.

(3) If the inspection, inquiry or investigation cannot be completed within the time specified in the order referred to in sub-rule (1), the authorized officer conducting the inspection, inquiry or investigation shall submit an interim report stating the reasons for failure to complete the inspection, inquiry or investigation to the Registrar. If the Registrar is satisfied, he may grant such extension of time for the completion of the inspection, inquiry or investigation deemed necessary, or the Registrar may withdraw the inspection, inquiry or investigation from the authorized officer and hold the inspection, inquiry or investigation himself or authorize such other person or officer as he deems fit.

(4) On receipt of the order referred to in sub-rule (1), the officer authorised to conduct the inquiry or inspection shall proceed to examine the relevant books of accounts and other documents in possession of the cooperative society or any of its officer-bearer, members, agents or employee and obtain such information or explanation from any such office-bearer, members, agents or employee regarding the transactions and working of the society as he deems necessary for conduct of such inspection, inquiry or investigation.

(5) The officer authorised to conduct the inspection, inquiry or investigation shall submit the report to the Registrar, on all the points mentioned in the order referred to in sub- Rule (1). The report shall contain the findings and the reasons therefore supported by such documentary or other evidence as recorded by him

during the course of inspection, inquiry or investigation and shall also specify in the report, the cost of the inspection, inquiry or investigation together with reasons, and recommend the Registrar the manner in which the entire cost or part thereof may be apportioned, amongst the parties as specified in section 45 of the Act. The Registrar shall pass such orders thereon as may be considered just after giving a reasonable opportunity to the person or persons concerned.

(6) If the result of any inquiry or investigation held under section 43 of the Act, or an inspection made under section 44 and 44-A of the Act discloses any defects in the working of the cooperative society, the cooperative society shall submit a report and shall continue to submit such reports to the Registrar till all the defects are rectified or the irregularities are remedied to the satisfaction of the Registrar.

(7) The Registrar may also make an order, directing the cooperative society or its office-bearers to take such action, as may be specified, in order to remedy the defects within the time specified therein.

(8) If it appears to the Registrar during the course of inspection, inquiry or investigation that a person is involved in any act detrimental to the interest of a society or its members and such person is likely to disappear, abscond or leave the country, the Registrar may after giving reasonable opportunity to such person, cause the name of such person to be placed on Exit Control List under Exit from Pakistan (Control) Ordinance, 1981.

(9) The Registrar or a person authorized by him, shall for the purpose of making any inquiry under these rules have the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908 (Act V of 1908), when trying a suit, in respect of the following matters, namely:—

- (a) Summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery or production of any document;
- (c) requisitioning any public record from any Court or office;
- (d) issuing commissions for the examination of witnesses;
- (e) appointing guardians or next friends of persons who are minors or of unsound mind; adding legal representatives of deceased borrowers or sureties;
- (g) substituting the names of rightful parties, including the beneficiaries of benami loans;



- (h) consolidation of cases;
- (i) any other matter which may be prescribed by rules; and
- (j) enforcing any order made by him under the provisions of the Act or the rules framed thereunder.

**32. Arbitration.**—(1) When a dispute has been referred to the Registrar under Section 54, the Registrar or his nominee shall issue a notice to all parties, and, unless either of the parties desires within 15 days of the issue of such a notice that the matter be related to arbitration, shall proceed to decide the dispute himself.

(2) When either of the parties desires that the matter be referred to arbitration, the Registrar (or his nominee) shall call on each party to nominate his arbitrator within 15 days, and to send a statement signed by the proposed arbitrator about his willingness to serve as an arbitrator. When there are more persons than one on each side, the principal party on each side will have the right to nominate the arbitrator. In such cases the Registrar will decide who is the principal party and his decision shall be final.

(3) When either of the parties fails to make a nomination within the period aforesaid, the Registrar may nominate an arbitrator on behalf of such party.

(4) The Registrar or his nominee will act as Chairman of the Committee of three Arbitrations. He will fix the date and place of hearing the dispute and carry on the necessary correspondence in connection with the disposal of the case.

(5) When any dispute is referred to the Registrar's nominee or to three arbitrators for decision and is not decided by them within two months or such further period as the Registrar may allow, the Registrar may decide the dispute himself or refer it again to his nominee for decision.

**32-A. Interlocutory orders.**—The Registrar or his nominee or the arbitrators, as the case may be, may in order to prevent the ends of justice being defeated, make such interlocutory order pending the decision in a dispute referred to under Section 54, as appear to be just and convenient.

**33. Registrar may appoint any person to be his nominee for any specified area.**—The Registrar, by special order to be notified in the Official Gazette may appoint any person to perform the duties of his nominee for disputes arising in any one or more cooperative societies within any area specified in the order for a period to be specified in the order. Such period shall not ordinarily exceed one year but may be extended by further special order for a further period not exceeding one year in each case.

34. **Payment of expenses of arbitration.**—(1) The Registrar or his nominee and the arbitrators shall have power to order the expenses of determining the disputes to be paid out of the funds of the society, or by such party or parties to the dispute as they think fit, according to a scale laid down by the Registrar.

(2) The Registrar may fix the fees to be paid to his nominee out of the expenses so recovered by a general or special order and not exceeding three percent of the claim.

(3) All fees for services rendered in respect of arbitration or execution proceedings payable by a party or the parties shall be deposited in the Office of Registrar in "Settlement and Execution of Service Expenses Fund" at the rate specified by the Registrar. The Fund shall be administered by the Registrar in accordance with the Regulations contained in *Schedule-B*.

(4) Before referring a dispute for the decision under Section 54, the Registrar may require a party or parties to the dispute to make a deposit of the probable expenses of arbitration.

(5) No fee shall be payable to an arbitrator till the dispute referred to him is finally disposed of or the arbitrator fails to decide the matter within two months.

(6) The Registrar may, in his discretion, remit the whole or any part of the fees collected under this rule.

35. **Procedure in arbitration proceedings.**—(1) The Registrar or his nominee shall record a brief in English or in vernacular of the evidence of the parties and witnesses who attend, and upon the evidence so recorded, and upon consideration of any documentary evidence produced by either side, a decision or awards, as the cases may be, shall be given in accordance with justice, equity and good conscience, and shall be reduced to writing. If any party duly summoned to attend fails to appear, the dispute may be decided *ex-parte*. In cases where three arbitrators are appointed, the opinion of the majority shall prevail. In case of equality of votes, it shall be decided by the Registrar himself.

(2) The party shall apply to Registrar in writing stating *inter-alia* (i) all the facts constituting the cause of action, (ii) names and addresses of the other parties, (iii) facts showing that the subject matter of dispute is not barred by limitation, and, (iv) relief claimed in terms of money or otherwise. Each statement in the application shall have separate consecutive paragraphs serially numbered. At the end of the application there shall be made verification with the place and date of verification by the applicant party.



(3) On receipt of the application, the Registrar shall cause it to record in a register in the Arbitration Register and shall assign the case number to the application.

(4) If the Registrar is satisfied that the application is maintainable under section 54 of the Act, the Registrar shall by an order, admit the application for decision of the dispute and record his findings within two months of the receipt of the application of referring the dispute

(5) During the proceedings under section 54 of the Act, not more than two opportunities shall be granted to the respondents without showing sufficient cause.

(6) After the application has been admitted by the Registrar and after the claimant has deposited the arbitration fee in the manner and according to the scale of fees fixed by the Registrar, the application along with the orders thereon may be referred for decision to the arbitrator.

*Explanation.*—The expression “arbitrator” wherever occurring in these rules, includes the Registrar or any sub-ordinate officer authorised by him.

(7) The Registrar or the arbitrator, as the case may be, shall have power to appoint or remove a guardian for the party to the dispute in case any party is minor or who by reasons of unsoundness of mind or mental infirmity, is incapable of protecting his interest.

(8) In the proceedings, the arbitrator shall fix the date, hour and the place of hearing dispute.

(9) The arbitrator shall issue summons or notices at least seven days before the date fixed for the hearing of the disputes requiring:—

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

(10) Summons or notices may be served by:—

- (a) registered post, speed post or by courier service,
- (b) personal service through the secretary or a member of the staff of the co-operative society or any of the parties to the dispute; or

- (c) affixing a copy of summons or notice at the last known place of residence or business of the party concerned, in case the party refuses to sign the acknowledgement or cannot be found.

(11) Service of summons or notice to the Secretary or the Administrator/ Caretaker Committee shall be regarded as service on that cooperative society.

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

(13) The serving officer shall in all cases, in which the summons have been served, make an endorsement on, or annex to, the original summons, a return, stating the time and the manner in which the summons were served and the name and address of the person, if any, identifying the person concerned and witnessing the delivery or tender of the summons.

(14) The sufficiency of proof of service of the summons or notice shall be decided by the authority which issued the same.

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

36. **Appearance by pleaders.**—In proceedings held under rules 32 to 35, no party shall be represented by a legal practitioner.

37. **Execution of arbitration orders in special cases.**—Subject to the provisions of Section 59 of the Act, the Registrar may by an order in writing specially authorise any officer of ICT Administration or the Cooperative Societies Department not below the rank of Inspector to call for and send arbitration orders obtained by any society for execution. The societies in respect of which those powers are to be exercised by the officers so authorised shall be mentioned in the order.

37-A. When recovery of arbitration awards is made by Revenue officers appointed under the Land Revenue Act 1967, the Registrar shall have power to order the expense of such recovery to be paid out of the society or by such party or parties in default as he may think fit according to a scale laid down by the Registrar.

38. **Liquidation.**—(1) Where a Liquidator has been appointed under section 47, such appointment shall be notified by the Registrar in the Official Gazette.



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

(3) The Liquidator shall make separate orders against the various members and past members of the society, noting the amount to be realised from each as a contribution under clause (d) of section 50 and as the cost of liquidation under clause (1) of section 50-A of the said Section. These orders shall be submitted for approval to the Registrar, who may modify them or refer them back to the Liquidator for further inquiry or other action or may forward them for execution under section 59.

(4) If the sum assessed against any member is not recovered, the Liquidator may frame a subsidiary order or orders against any other member or members to be extent of the liability of each of the debts of the society, until the whole amount due from members is recovered, and these orders shall be dealt within the same way as orders under sub-rule (3).

(5) The Liquidator shall submit a quarterly progress report to the Registrar in such form as the Registrar may require.

(6) All funds in the charge of the Liquidator shall be deposited in a designated branch of a Scheduled Bank.

(7) Where recovery of dues is made by Revenue officers appointed under the Land Revenue Act 1967, the Liquidator may pay to such officers remuneration at the rate of one per cent of the amount collected by such officers.

(8) The Registrar shall fix the amount of fee, if any, to be paid to the Liquidator.

(9) At the conclusion of the Liquidation, annual general meeting of the members of the dissolved society shall be called at which the Liquidator shall summarise his proceedings, point out the causes of the failure of the society, and report what sum, if any, remains in his possession after meeting all the liabilities of the society, as determined under the rules.

(10) The record of a society that is being wound up shall be kept in such place and by such person as the Registrar may direct.

**Execution of Decision, Award or order by the Registrar**

39. **Execution of orders, decrees.**—(1) A final order or decree passed by the Registrar under section 50-A, section 56 or section 64-A and every order or award issued under Section 54 or 55 shall, if not carried out, be executed, in accordance with section 59.

(2) In case any decree-holder desires to have the decree executed under provisions of sub-section (3) of section 59, he shall apply to the Registrar in this behalf by a special or general order (hereinafter referred to as "Recovery Officer"), in *Schedule-C*, which shall be signed by the decree-holder. The decree-holder shall indicate whether he desires to proceed against the person or the judgment debtor or against the movable or immovable property of the person or the judgment debtor or both and shall state the way he wants the assistance of the Registrar according to the Act and the rules.

(3) On receipt of the application referred to in sub-rule (1), the Recovery Officer shall call for original record and shall verify the correctness and genuineness of the particulars set forth in the application with the records.

*Explanation.*—A Recovery Officer for the purpose of these rules means any person appointed by Registrar to execute an order or decree, as the case may be, under section 59 of Act and Rules 39 to 39-T for this purpose and is to be read with order 21 and other relevant provisions of Code of Civil Procedure, 1908.

(4) Without prejudice to the provisions of the Code of Civil Procedure, 1908 (Act No. V of 1908), the Recovery Officer shall, on being satisfied about the correctness and genuineness of the application received by him, order execution of the decree:—

- (i) by delivery of any property specifically decreed;
- (ii) by attachment and sale or sale without attachment of any property;
- (iii) by arrest and detention in person; and
- (iv) in such other manner as the nature of relief granted may require.

(5) In case of proceedings under sub-section (3) of section 59, if any person requires the issue of any process, or object to any process issued or proposed to be issued, or requires the adjournment of any proceedings, he shall pay the fixed which may be revised by the Registrar from time to time. Thereafter, the Recovery Officer shall issue processes. The provisions of section 36 to section 74, sections 135,



section 135A and Order XXI in the First Schedule of the Code of Civil Procedure, 1908 (Act V of 1908) shall *mutatis mutandis* apply to the executions ordered under sub-section (3) of section 59. The decree holder shall indicate whether he wishes to proceed in the first instance against the property of the defaulter or against his person.

(6) Without prejudice to the generality of the foregoing sub-rule, a demand notice stating therein the relief claimed by the decree-holder shall be prepared in duplicate in *Schedule-D* by the Recovery Officer who shall send a copy of application filed by the decree-holder and the demand notice to the defaulter.

**39-A. Recovery of costs of execution when property is not sold.—**When recovery is made under Section 59 in execution of any order referred to in the said Section, and the property is not sold in such execution, the Registrar may order the expenses of such recovery to be paid by any party in default according to scale laid down by him not exceeding in the aggregate five per centum of the amount of the dues.

**39-B. Manner of Execution.—**Unless the decree-holder has indicated under sub-rule (4) of Rule 39 the order in which the property of the defaulter shall be proceeded against, the execution shall ordinarily be taken in the following manner, namely:—

- (i) Movable property including bank account of the defaulter shall be first proceeded against, but nothing in this clause shall preclude the immovable property being proceeded against simultaneously in case of necessity;
- (ii) If there is no movable property, or if the sale proceeds of the movable property, or properties attached and sold are insufficient to meet in full the demand of the decree-holder, the immovable property mortgaged to decree holder or other immovable property belonging to the defaulter, even if not mortgaged with the decree holder, may be proceeded against.

**39-C. Seizure and sale of movable property.—**In the seizure and sale of movable property, the following procedure shall be observed:

- (a) the Recovery Officer shall, after giving notice to the decree-holder, proceed to the place where the defaulter resides or the property to be detained is situated and serves the demand upon him in *Schedule-E*. If the demand together with the interest and all expenses is not at once paid, the Recovery Officer shall make the distress and shall

immediately deliver to the defaulter a list of inventory of the property distrained and an intimation of the place, day and hour at which the detained property will be brought to sale if the amounts due are not previously discharged. If the defaulter is absent, the Recovery Officer shall serve the demand notice on some adult member of his family or his authorized agent or when such service cannot be effected, shall affix a copy of the demand notice on some conspicuous part of his residence. The Recovery Officer shall then proceed to make the distress and shall fix the list of the property attached on the usual place of residence of the defaulter endorsing thereon the place where the property may be lodged or kept and an intimation of the place, day and hour of sale, if the amounts due are not previously discharged;

- (b) after the distress is made, the Recovery Officer may arrange for the custody of the property attached with the decree-holder or otherwise;
- (c) if the, Recovery Officer requires the decree-holder to undertake the custody of the property, the decree-holder shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. If the attached property is livestock, the decree-holder shall be responsible for providing the necessary food thereof;
- (d) the Recovery Officer may, at the instance of the defaulter or of any person claiming an interest in such property, leave it in the place where it was attached, in the charge of such defaulter or person if he enters into a bond with one or more sufficient sureties for the production of the property at the place of sale when called for;
- (e) the distress shall be made after sunrise and before sunset and not at any other time;
- (f) the distress levied shall not be excessive, that is to say, the property distrained shall be as nearly as possible proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale;
- (g) if attached crops are un-gathered products of the land, belonging to a defaulter, the Recovery Officer may cause them to be sold when fit for reaping or gathering or at his option may cause them to be reaped or gathered in due season and stored in proper place until sold. In the latter case, the expenses of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold;



- (ii) in the case of the share or deposit, the person in whose name the share or the deposit may be standing from transferring the share or deposit or receiving any dividend or interest thereon; and
- (iii) in the case of the other movable property except as aforesaid, the person in possession of it from giving it over to the defaulter;

(2) A copy of such order shall be sent in the case of the debt to the debtor, in the case of the share or deposit, to the proper officer of the Department concerned and in the case of the other movable property, (except as aforesaid), to the person in possession of such property. As soon as the debt referred to in clause (a) of sub-rule (1) or the deposit referred to in clause (b) of that sub-rule matures, the Recovery Officer may direct the person concerned to pay the amount to him. Where the share is not withdrawable, the Recovery Officer shall arrange for its sale through a broker. Where the share is withdrawable, its value shall be paid to the Recovery Officer as soon as it becomes payable, in the case of the other movable property referred to in clause (c) of sub-rule (1), the person concerned shall place it in the hands of the Recovery Officer, as soon as it becomes deliverable to the defaulter.

**39-G. Procedure in Attachment and Sale of Immovable Property.—**  
In the attachment and sale or sale without attachment of immovable property, the following procedure shall be followed:—

- (1) The application submitted under rule 39-C shall contain a description of the immovable property to be proceeded against, sufficient for its identification and in case such property can be identified by boundaries or numbers in record of settlement or survey, the specification of such boundaries or numbers in record of settlement or survey, the specification of such boundaries or numbers and the specification of the judgment debtor's share or interest in such property to the best of the belief of the decree-holder and so far as he has been able to ascertain it.
- (2) The demand notice issued by the Recovery Officer under sub-rule (6) of rule 39 shall contain the name of the judgment debtor, the amount due including the expenses, if any, and the time allowed for payment and in case of non-payment, the particulars of the properties to be attached and sold or to be sold without attachment as the case may be. After receiving the demand notice, the Recovery Officer shall serve or cause to be served a copy of the demand notice Upon the defaulter or upon some adult male/female member of his family at his

usual place of residence, or upon his authorised agent, or if such personal service is not possible shall fix a copy thereof on some conspicuous part of last known residence or on some conspicuous part of the immovable property about to be attached and sold or sold without attachment, as the case may be.

Provided that where the Recovery Officer is satisfied that judgment debtor with intent to defeat or delay the execution proceedings against him is about to dispose off the whole or any part of his property, the demand notice issued by the Recovery Officer under sub-rule (6) of rule 39 shall not allow any time to the defaulter for the payment of the amount due by him and the property of the defaulter shall be attached forthwith.

- (3) If the judgment debtor fails to pay the amount specified in the demand notice within the time allowed, the Recovery Officer shall proceed to attach and sell or sell without attachment, as the case may be the immovable property noted in the application for execution in the manner hereinafter specified.
- (4) In case the attachment is required before sale, the Recovery Officer shall, if practicable, cause a notice of attachment to be served on the judgment debtor personally. In case the personal service is not, practicable the notice shall be affixed in some conspicuous part of the judgment debtor last known residence, if any. The fact of attachment shall also be proclaimed by beat of drum or other customary mode at some place on or adjacent to such property and at such other place, or places as the Recovery Officer may consider necessary to give due publicity to the sale. The attachment notice shall set forth that unless the amount due with interest and expenses to be paid within the date therein mentioned, the property will be brought to sale. A copy of the notice shall be sent to the decree-holder. If the Recovery Officer so direct, the attachment may also be notified by public proclamation in a local newspaper.
- (5) Proclamation of sale shall be published by affixing a notice in the office of the Recovery Officer at least thirty days before the date fixed for the sale. Such proclamation shall state the decree-holder and the judgment debtor, the time and place of sale and also shall specify as fairly and accurately as possible:—
  - (i) the property to be sold;
  - (ii) any encumbrance to which the property is liable;



- (iii) the amount for the recovery of which the sale is ordered; and
  - (iv) every other matter which the Recovery Officer considers material for a purchaser to know in order to judge the nature and value of the property.
- (6) In case any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree holder shall, when the amount for the realisation of which the sale is held, exceeds one hundred rupees furnish to the Recovery Officer within such time as may be fixed by him or by the Recovery Officer an encumbrance certificate sought to be sold. The time for production of the encumbrance certificate may be extended at the discretion of the Recovery Officer or the Registrar. The sale shall be by public auction to the highest bidder:

Provided that it shall be open to the recovery officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Recovery officer may in his discretion adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than seven days, a fresh notice shall be issued unless the defaulter consents to waive it. The sale shall be held after the expiry of not less than thirty days calculated from the date on which notice of the proclamation was affixed in the office of the Registrar and the place of sale shall be the village where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the Recovery Officer.

- (7) A sum of money equal to twenty five percent of the price of the immovable property shall be deposited by the purchaser in the hands of the Recovery Officer at the time of the purchase, and in default of such deposit, the property shall forthwith be resold.
- (8) The remainder of the purchase money and the amount required for the general stamp for the sale certificate shall be paid within fifteen days from the date of sale:

Provided that the time for payment of the cost of the stamp, may, for good and sufficient reasons, be extended at the discretion of the Recovery Officer up to thirty days from the date of sale:

Provided that in calculating the amount to be paid under this clause, the purchaser may have the advantage of any set-off to which he may be entitled.

- (9) In default of payment within the period mentioned in sub-rule (8), the deposit may, if the Recovery officer thinks fit, after defraying the expenses of the sale, be forfeited to the Government and the defaulting purchaser shall be forfeited off all claims to the property or any part of the sum for which it may subsequently be sold.
- (10) Every resale of immovable property in default of payment of the amounts mentioned in sub-rule (8) within period allowed for such payment shall be made after the issue of fresh proclamation in the manner and for the period herein before specified for the sale.
- (11) In case a decree-holder purchases the property, the purchase money and the amount due on the decree shall be set off against one another, and the Recovery Officer shall enter satisfaction of the decree in whole or in part accordingly.
- (12) In case prior to the date fixed for sale, the judgment debtor or any person acting on his behalf or any person claiming an interest in the property sought to be sold tenders payment of the full amount due together with interest and other expenses incurred in bringing the property to sale, including the expenses of attachment, if any the Recovery Officer shall forthwith release the property after canceling, where the property has been attached, the order of attachment.

**39-H. Application to set aside sale on deposit.**—(1) In case immovable property is to be sold by the Recovery Officer, any person either owning such property or holding an interest therein by virtue of title acquired before such sale may apply to have the sale set aside on his depositing with the Recovery Officer:—

- (i) for payment to the purchaser, a sum equal to five per cent of the purchase money; and
- (ii) for payment to the decree-holder, the amount of arrears specified in the proclamation of sale as that for the recovery of which the sale was ordered together with interest thereon and the expenses of attachment, if any, and sale and other cost due in respect of such amount less any amount which may since the date of such proclamation have been received by such decree-holder.

(2) If such deposit, together with an application, is made within thirty days from the date of sale, the Recovery officer, shall pass an order setting aside the sale and shall repay to the purchaser the purchase money so far as it has been deposited, together with the five per cent deposited by the applicant:



Provided that if more than one person has made deposit and application under this rule, the application of the first depositor to the Recovery Officer shall be accepted.

**39-I. Application to set aside sale on ground of Irregularity or Fraud.—**(1) At any time within thirty days from the date of the sale of immovable property, the decree holder or any person entitled to share in a ratable distribution of the assets or where interests are effected by the sale, may apply to the Registrar to set aside the sale, on the ground of a material irregularity or mistake or fraud in publishing or conducting the sale:

Provided that no sale shall be set aside on the ground aforesaid unless the Registrar is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

(2) If the application is allowed, the Registrar shall set aside the sale and may direct a fresh one.

(3) On the expiration of thirty days from the date of sale, if no application to have the sale set aside is made under rule 39-J or under this rule if such application has been made and rejected, Registrar shall make an order confirming the sale:

Provided that if the Registrar have reasons to believe that the sale ought to be set aside notwithstanding that no such application has been made on grounds other than those alleged in any application which has been made and rejected. The Registrar may after recording his reasons in writing set aside the sale.

(4) In case the sale of any immovable property is not so confirmed or is set aside, the deposit or the purchase money, as the case may be, shall be returned to the purchaser.

(5) After the confirmation of any such sale, the Recovery Officer shall grant a certificate of sale bearing his seal and signature to the purchaser.

(6) The certificate of sale state the property sold and the name of the purchaser and it shall be conclusive evidence of the fact of the purchase in all courts and tribunals, where it may be necessary to prove it and no proof of the seal or signature of the Recovery Officer shall be necessary unless the authority before whom it is produced shall have reason to doubt its genuineness.

**39-J. Delivery of Possession.—**In case any lawful purchaser of immovable property is resisted and prevented by any person other than a person not being the judgment debtor claiming in good faith to be in possession of the

property on his own account, from obtaining possession of the immovable property purchased, any court of competent jurisdiction on application and production of the certificate of sale issued under sub-rule 5 of Rule 39-I shall cause the proper process to be issued for the purpose of putting such purchaser in possession, in the same manner as if the immovable property purchased has been decreed to the purchaser by a decision of the court.

**39-K. Sale of immovable property to be proportionate to the amount due.**—The Recovery Officer may sell the whole or any portion of the immovable property of a defaulter in discharge of money due provided always that so far as may be practicable, no larger section or portion of the immovable property shall be sold that may be sufficient to discharge the amount due with interest, and expenses of attachment, if any, and sale.

**39-L. Private alienation of property after attachment shall be void.**—In case an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the judgment debtor of any debt, dividend or other moneys contrary to such attachment shall be void as against all claims enforceable under the attachment.

*Explanation:* For the purposes of this rule, claims enforceable under an attachment include claims for the ratable distribution of assets.

**39-M. Receipts for payment of amount due.**—Every person making a payment towards any money due for the recovery of which application has been made under these rules shall be entitled to a receipt for the amount signed by the Recovery Officer or other Officer empowered by the Registrar. Such receipt shall state the name of the person making the payment and the subject matter in respect of which the payment is made.

**39-N. Investigation of claims and objection to attachment of property.**—(1) Where any claim is preferred to, or any objection is made to the attachment of any property attached under these rules on the ground that such property is not liable to such attachment, the Recovery Officer, shall investigate the claim or objection and dispose of it on merit.

(2) In case the property to which the claim or objection relates has been advertised for sale, the Recovery Officer, may postpone the sale pending the investigation of the claim or objection.

**39-O. Determination of Attachment.**—In case any property had been attached in execution of a decree, but by reason of the decree holders default, the Recovery Officer is unable to proceed further with the application for execution,



the Recovery Officer shall either dismiss the application or for any sufficient reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

**39-P. Attachment in execution of decree of civil court and ratable distribution of assets.**—In case assets are held by the Recovery Officer and before the receipts of such assets, demand notices in pursuance of applications for execution of decree against the same Judgment Debtor have been received from more than one decree-holder and the decree-holder have not obtained satisfaction, the assets after deducting the cost of realisation, shall be ratably distributed by the Recovery Officer among all such decree-holders in the manner prescribed in the Code of Civil Procedure, 1908.

**39-Q. Mode of making attachment before judgment.**—(1) Attachment of property prior to award for decree shall be made in the manner provided in the foregoing rules.

(2) Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment of persons or parties to the proceedings in connection with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of property under attachment in execution of such decree.

(3) In case property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the person whose property is attached, it shall not be necessary to file an application for execution of such decree and to apply for re-attachment of the property.

**39-R. Effect of Attachment.**—In case an attachment has been made, any private transfer or delivery of the property attached or of any interest therein and any payment to the judgment debtor of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

*Explanation:* For the purposes of this rule, claims enforceable under an attachment include claims for the ratable distribution of assets.

**39-S. Arrest and detention.**—(1) A judgment debtor may be arrested in execution of a decree at any hour and on any day, and shall as soon as practicable, be brought before the Recovery Officer and his detention may be in the civil prison or in the District Jail:

Provided that for the purpose of making an arrest under this rule, no dwelling house shall be entered after sunset and before sunrise:

Provided further that no outer door of a dwelling house shall be broken open unless such dwelling house is in the occupancy of the judgment debtor and he refuses or in any way prevents access thereto, but when the officer authorised to make the arrest has duly gained access to any dwelling house he may break open the door of any room in which he has reason to believe the judgment debtor to be found:

Provided furthermore, that, if the room is in the actual occupancy of a woman, who is not the judgment debtor and who according to the customs of the country does not appear in public the officer authorised to make the arrest shall give notice to her that she is at liberty to withdraw, and after allowing a reasonable time for her to withdraw, and giving her reasonable facility for withdrawing, may enter the room for the purpose of making the arrest:

Provided furthermore, that where the decree in execution of which a judgment debtor is arrested, is a decree for the payment of money and the judgment debtor pays the amount of the decree and the costs of the arrest to the officer arresting him such officer shall at once release him.

*Explanation:* For the purpose of these rules, Civil Prison means any place used for the detention of any prisoner under the Prisons Act, 1894 or a place declared by the Government or the Registrar as prison, including District Prison.

(2) The Government may, by notification in the Official Gazette, declare that any person or class of persons whose arrest might be attended with danger or inconvenience to the public shall not be liable to arrest in execution of a decree otherwise than in accordance with such procedure as may be specified in this behalf.

(3) In case a judgment-debtor is arrested in execution of a decree for the payment of money and brought before the Recovery Officer, he shall inform him that he may apply to be declared an insolvent and that he may be discharged if the judgment-debtor has not committed any act of bad faith regarding the subject of the application and if the judgment-debtor complied with the provisions of the law of insolvency for the time being in force.

(4) In case a judgment-debtor expresses his intention to apply to be declared an insolvent and furnishes security to the satisfaction of the Recovery Officer that the judgment-debtor will within one month so apply, and that he will appear, when called upon, in any proceeding upon the application or upon the decree in execution of which he was arrested, the Recovery Officer, may release him from arrest, and if he fails so to apply and to appear, the Recovery officer may either direct the security to be realised or commit him to the civil prison in execution of the decree.



**39-T. Detention and release.**—(1) The person detained in the civil prison in execution of a decree shall be so detained:—

- (a) Where the decree is for the payment of a sum of money exceeding rupees One Million for a period of six months, or
- (b) In any other case, for a maximum period of six weeks.

Provided that the person shall be released from such detention before the expiration of the said period of six months or six weeks, as the case may be on the following reasons:—

- (i) on the amount mentioned in the warrant for his detention being paid to the Recovery Officer;
- (ii) on the decree against him being otherwise fully satisfied;
- (iii) on the request of the person, on whose application he has been so detained and if the Recovery Officer is fully satisfied that the decree was satisfied; or
- (iv) on the omission of the person, on whose application he has been so detained, to pay subsistence allowance:

Provided further that he shall not be released from such detention without the order of the Registrar or the Recovery Officer authorised in this behalf.

(2) A judgment debtor released from detention under this rule shall not merely by reason of his release be discharged from his debt, but he shall be liable to be rearrested under the decree in execution of which he was detained in the civil prison.

**40. Disposal of records of a society whose registration is cancelled.**—(1) When an order directing a society to be wound up is issued under Section 47 and no Liquidator is appointed, the office-bearers of the society which is wound up shall, within 15 days of the publication of the order in the Official Gazette sent by registered post or courier, the records and books of the society to the Circle Registrar or hand over the same to the local Auditor.

(2) When the affairs of a society for which a Liquidator has been appointed has appointed, have been wound up and an order cancelling the registration is made under Section 49, the Liquidator will forward all the books and records of the cancelled

society, and all his own papers and proceedings by registered post or courier to the Circle Registrar, together with an account of his expenses, showing how the balance has been disposed of and attaching the receipt of the person to whom it was handed over.

(3) All the books and records of a society whose registration has been cancelled and proceedings of liquidation completed shall be destroyed by the Circle Registrar, after the expiry of two year from the date of the order cancelling he registration of the society.

41. **Interest in liquidation proceedings.**—On any debt, which is due from a society that is being wound up, the creditor may prove for interest up to the date of the Registrar's order for winding up at a rate to be fixed by the Registrar and not exceeding the contract rate:

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

42. **Service of summonses—miscellaneous.**—Summonses issued by the Registrar, or by a person authorised to hold an inquiry or to make an inspection or by the Auditor or Liquidator, or by the Registrar's nominee, under section 58, shall, if sent for service to a Tehsildar to be served by such officer.

43. **Fees to be credited to Government.**—All (fees) fines levied under section 61 and any rule shall be credited to Government.

44. **Mode of serving summonses.**—(1) A summons issued by any of the officers mentioned in rule 42 may be served personally or through any member of the Cooperative Department or Secretary of the society or by registered post, acknowledgement paid.

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

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



(4) Where the property to be attached is movable property, other than agricultural produce, in the possession of the debtor the attachment shall be made by actual seizure, and the attaching officer shall keep the property in his own custody or in the custody of one of his subordinates, or of a Receiver, if one is appointed under sub-rule (3) and shall be responsible for the due custody thereof:

Provided that, when the property seized is subject to speedy and natural decay, or when the expense of keeping it in custody is likely to exceed its value, the attaching officer may sell it at once.

(2) Where it appears to the officer ordering conditional attachment under Section 55 to be just and convenient, he may appoint a Receiver for the custody of the movable property attached under sub-rule (1); and his duties and liabilities shall be identical with those of a Receiver appointed under Order XL of Schedule I to the Code of Civil Procedure, 1908.

**(3) Attachment of immovable property:—**

- (a) Where the property to be attached is immovable, the attachment shall be made by an order prohibiting the debtor from transferring or charging the property in any way, and all persons from taking any benefit from such transfer or change;
- (b) The order shall be proclaimed at some place on or adjacent to such property by beat of drum or other customary mode, and a copy of the order shall be fixed at a conspicuous place, and also where the property is land paying revenue to the Government, in office of the Collector of the district in which the land is situated.

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

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

**45-A.** The Registrar shall have power to expel from any registered society a member who in the Registrar's opinion is a persistent defaulter or who does any act prejudicial to the interest of the society:

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

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

**47. Registrar to keep a record of names, addresses and bye-laws of societies.**—The Registrar shall keep a register of the names and addresses of all registered societies and shall record a copy of the registered bye-laws and subsequent amendments to the bye-laws of such societies.

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

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

(3) During the period of supersession, the Administrator or the Caretaker Committee, as the case may be, shall not make any allotment of plots, whether fresh or pending; initiate any development work or make any payments pertaining to any development work and sale or purchase of lands or any other payments except salary of staff and utility bills:

Provided that if the salary of an employee of the society exceeds twenty thousand, approval of the Registrar shall be obtained in writing.

Provided further that no fresh appointment of any employee shall be made by the Administrator or the Committee, as the case may be, except with the approval of the Registrar Cooperative Societies where it is expedient and necessary to manage the affairs of the Society.

- (a) the Administrator appointed under sub-rule (3), shall be an officer of the Islamabad Capital Territory Administration and in case of a Caretaker Committee it shall consist of ICT Administration's officers/officials; and
- (b) the Administrator or the Caretaker Committee, as the case may be, may facilitate and discharge their duties and obligations as laid down in bye-laws of the Society and Islamabad Capital Territory (Managing Committee Election) Rules, 2014 in coordination with Election



Commission and the Cooperative Societies Department, Islamabad, subject to the rules.

(4) The person or persons appointed under sub-rule (3) shall hold office for a period not more than sixty days.

Provided that in extraordinary circumstances, after the expiry of sixty days; the period may be extended for sixty days or another person may be appointed as the Administrator or the Caretaker Committee, as the case may be, for a further period of not more than sixty days.

(5) The Administrator or the Caretaker Committee, as the case may be, shall take over proper charge of the books, documents, vehicles, fixture and furniture belonging or kept in the office of the society under receipt and complete inventory of the same shall be prepared and submitted to the Cooperative Societies Department in the following manner:—

- (a) the Administrator or the Caretaker Committee, as the case may be, shall not be entitled for any remuneration of his or its services rendered for the said society beyond rupees twenty thousand;
  - (b) the Administrator or the Committee, as the case may be, shall submit a monthly report to the Cooperative Societies Department regarding affairs of the Society;
  - (c) the Administrator or the Committee, as the case may be, shall prepare a report regarding management of affairs of the society by the instantly preceding Managing Committee including accounts, allotment of plots, sale or purchase of lands and development work undertaken during its tenure; and
  - (d) the Administrator or the Committee, as the case may be, shall make necessary arrangements in coordination with Election Commission and the Cooperative Societies Department to hold elections of the Managing Committee of the society within stipulated period.
- (6) Before making an order under sub-rule (1) or sub-rule (2) the Registrar shall:
- (a) give the society an opportunity to show cause why such an order should not be made; and
  - (b) if the society affiliated to a financing bank, consult such bank regarding such action and the provision to be made for management of the affairs of the society.

(7) In the case of the Cooperative Bank, the appointment of a person or persons under any of the foregoing sub-rules or the filling of any vacancy shall be made by the Registrar with the previous approval of the Government.

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

(9) Nothing in this rule shall be deemed to affect the powers of Registrar to cancel the registration of a society under Section 47.

**49. Issue of proclamation prohibiting private transfers of property.**—(1) The Registrar, Liquidator or Circle Registrar acting under clause (a) or clause (b) of sub-section (1) of section 59 of the Act, shall, at the same time that he signs a certificate affecting any property, issue a proclamation in the form prescribed in Schedule-G annexed hereto and, in the case of immovable property, shall also forward a copy of the proclamation to the Tehsildar of the Tehsil in which the property is situated.

(2) ~~The Tehsildar shall cause an entry about such certificate to be made in the Record of Rights.~~

**50. Transfer of property under section 59-A.**—(1) When in execution of an order sought to be executed under section 59 any property cannot be sold for want of buyers, if such property is in the possession of the defaulter, or of some person on his behalf, or of some person claiming it under a title created by the defaulter subsequently to the issue of the certificate by the Registrar, Liquidator or Circle Registrar under clause (a) or (b) of sub-section (1) of the said section, the officer conducting the execution shall as soon as practicable report the fact to (a) the Court or the Collector, as the case may be, and (b) the society which applied for the execution of said order.

(2) On receipt of a report under sub-rule (1) the society may, within one month from the date of the receipt of the report, submit an application in writing to the Court or the Collector, as the case may be, stating the terms and conditions on which it agreed to take over such property.

(3) On receipt of an application under sub-rule (2) notices shall be issued to the defaulter and to all persons known to be interested in the property, including those whose names appear in the Record of Rights as persons holding any interest in the property, about the intended transfer.

(4) On receipt of such a notice, the defaulter, or any person owning such property, or hold an interest therein by virtue of a title acquired before the date of the issue of a certificate under Section 59 may within one month from the date of the receipt of such notice, deposit with the Court or the Collector, as the case may be,



for payment to the society sum equal to the amount due under the order sought to be executed together with interest thereon and such additional sum of payment of costs and other incidental expenses as may determined in this behalf by the Court or the Collector, as the case may be.

(5) On the failure of the defaulter, or any person interested or any person holding any interest in the property to deposit the amount under sub-rule (4), the Court or the Collector, as the case may be, shall direct the property to be transferred to the society on the conditions stated in the certificate in the form prescribed in Schedule-H annexed hereto.

(6) The certificate granted under sub-rule (5) shall state whether the property is transferred to the society in full or partial satisfaction of the amount due to it from the defaulter.

(7) If the property is transferred to the society in partial satisfaction of the amount due to it from the defaulter, the Court or the Collector, as the case may be, shall, on the production by the society of a certificate signed by the Registrar recover the balance due to the society in the manner prescribed in section 59.

(8) The transfer of the property under sub-rule (5) shall be affected as follows:

(a) In the case of moveable property:—

- (i) where the property is in the possession of the defaulter himself or has been taken possession of on behalf of the Court or the Collector it shall be delivered to the society;
- (ii) where the property is in possession of some person on behalf of a defaulter, the delivery thereof shall be made by giving notice to the person in the possession directing him to give actual peaceful possession to the society and prohibiting him from delivering possession of the property to any other person; and
- (iii) the property shall be delivered to a person authorised by the society to take possession on behalf of the society.

(b) In the case of immovable property:

- (i) where the property is a growing or standing crop, it may be delivered to the society before it is cut and gathered and the society shall be entitled to enter on the land, and to do all that is necessary for the purpose of tending and cutting a gathering it;

- (ii) where the property is in the possession of the defaulter or of some person on his behalf or some person claiming under a title created by the defaulter subsequent to the issue of a certificate under Section 59, the Court or the Collector, as the case may be, shall order delivery to be made by putting the society or any person whom the society may appoint to receive delivery on its behalf in actual possession of the property and if need be by removing any person who illegally refuses to vacate the same, after holding an inquiry as provided in rules 13-A to 13-C of the rules regulating execution of decrees transferred to the Collector under Section 68 of the Code of Civil Procedure, 1908; and
- (iii) where the property is in the possession of a tenant or other person entitled to hold the same by a title acquired before the date of issue of a certificate under section 69, the Court or the Collector, as the case may be, shall order delivery to be made by affixing a copy of the certificate of transfer of the property to the society in some conspicuous place on the property and proclaiming to such person by beat of drum or other customary mode at some convenient place, that interest of the defaulter has been transferred to the society.

(9) The society shall be required to pay expenses incidental to sale including the cost of maintenance of livestock, if any, according to such scale as may be fixed by the Government from time to time.

(10) Where land is transferred to the society under clause (b) (i) of sub-rule (8) before a growing or standing crop is cut and gathered the society shall pay the current year's land revenue on the land.

(11) The society shall forthwith report any transfer of property under clauses (b) (ii) or (iii) of sub-rule (8) to the village accountant for information and entry in the Record of Rights.

(12) The society to which property is transferred under sub-rule (5) shall maintain for each such defaulter a separate account showing all the expenses including payment of outside encumbrances, land revenue and other dues on the property and all the income derived from it.

(13) The society to which property is transferred under sub-rule (5) shall use its best endeavour to sell the property as soon as practicable to the best advantage of the society as well as that of the defaulter the first option being always given to the defaulter who originally owned the property. The sale shall be subject to



confirmation by the Circle Registrar. The proceeds of the sale shall be applied to defraying the expenses of the sale and other expenses incurred by the society as referred to in sub-rules (9) and (12) and to the payment of the arrears due by the defaulter under the order in execution and the surplus (if any) shall then be paid to the defaulter.

(14) Until the property is sold, the society to which the property is transferred under sub-rule (5) shall use its best endeavour to lease it or to make any other use that can be made of it so as to derive the largest possible income from the property.

(15) When the society to which property is transferred under sub-rule (5) has realized all its dues under the order in execution of which the property was transferred from the proceeds of management of the property, the property, if unsold, shall be restored to the defaulter.

**51. Deduction from salary not to exceed one-third.** The deduction from salary or wages under sub-section (1) of Section 65-A, shall not exceed one-third, round off in the manner provided in this rule, of the salary or wages payable to a member of a society.

**52. Power and duties of the management committee.**—(1) Subject to the Section 10, the rules and bye-laws of the society, the management committee shall have the powers to manage the affairs of the society. It shall frame business rules and service rules for the employees of the society which shall not be effective unless confirmed in a general meeting of the society.

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

(3) The committee shall take such security from employees and office-bearer of the society as the committee may decide with the sanction of the Registrar.

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

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

(5) Notwithstanding anything contained in the bye-laws of any society, except societies with unlimited liability and those having less than rupees twenty thousand paid up share capital, a committee shall not sanction a loan in any form to a member of the committee or to an office-bearer or employee of the society without the prior sanction of the Registrar:

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

*Explanation:—*For the purpose of this sub-rule, grant of a loan includes surety ship for a loan.

(6) Notwithstanding anything contained in the bye-laws of a society other than a land mortgage bank, the committees shall not advance a loan in any form of a total period exceeding three years, inclusive of extensions, if any, and shall not deposit or invest its funds in the 1st mortgage on immovable property under section 37 of the Act, without the prior sanction mentioned in sub-rule (4) of this rule.

(7) Notwithstanding anything contained in the bye-laws of a society, the committee shall not grant any extension to a member in respect of debts or demands due by such member to the society, after the dispute has been referred to arbitration under section 54 without the prior sanction mentioned in sub-rule (4) of this rule.

(8) The committee of every bank shall frame rules with the sanction of the Registrar to regulate the grant of loans to members of the society. The rules shall prescribe the maximum limits of loans, which can be granted to a member, inclusive of loans for which a member is surety under the various classes of loans. Such rules may be amended with the prior sanction of the Registrar.

(9) Every cooperative society shall establish a site office, to be equipped with adequate resources, within the limits of each scheme, to ensure effective redressal of complaints at the doorsteps of members.

**52-A. Duties of housing societies regarding development of schemes.—**(1) Every cooperative housing society shall ensure timely completion of its on-going project or scheme, as the case may be, and no new project shall be launched unless two-third of the development work has been completed by the society on ongoing project or scheme.

(2) Every cooperative society shall complete its on-going project or scheme within the timeframe specified by the concerned Development/Municipal



Authority, failing which the concerned Development/ Municipal Authority shall be intimated accordingly.

(3) Every cooperative housing society shall furnish details of allotment, creation, sub-division or amalgamation of plots each year to the concerned Municipal/ Development Authority and shall endorse a copy of such details to the Registrar, clearly certifying thereby that the society has not committed any violation of approved Layout Plan during that year.

(4) Every cooperative housing society shall ensure that no transfer of share or interest of a member shall be approved unless it is certified by the society that no violation of layout plan has been committed by the transferor.

(5) Every cooperative society, before submitting the minutes of annual general meeting to the Registrar, shall obtain clearance from Municipal/Development Authority to the effect that no agenda item has been approved in violation of municipal byelaws:

Provided that in case no response is received from the concerned Authority within 30 days of issuance of such letter, it shall be presumed that such Authority has no objection and minutes of such AGM shall be processed and recorded accordingly.

(6) Every cooperative housing society shall obtain prior approval from the concerned Development/Municipal Authority, before advertising its new projects or scheme in the electronic or print media.

(7) Every cooperative housing society shall take effective measures to improve quality of development and shall ensure provision of basic amenities such as roads, clean drinking water, sewage, security and other basic infrastructure in the housing scheme in accordance with criteria laid down by concerned Municipal/ Development Authority and its Bye-laws.

(8) Every cooperative society shall ensure transparency in award of contracts or signing of agreements as per PPRA Rules, 2002 and instructions issued by the Government from time to time in this behalf.

(9) No cooperative housing society shall issue a final allotment letter to its members unless the society has possession of the compact piece of land against which allotment is to be made and has been approved by the concerned Development/ Municipal Authority.

(10) No cooperative society shall transfer or utilize funds from one 'head of account' to any other 'head of account' of a project or scheme without the approval of the Registrar

(11) No cooperative society shall change the size or location of any plot allotted to a member without obtaining specific approval from the annual general meeting.

**53. Qualification of members of committee.—**(1) No member of a society shall be on the committee elected under the bye-laws:

(a) Who:—

(i) has been sentenced by a criminal Court to imprisonment or whipping for an offence punishable with imprisonment for a term exceeding six month, or to transportation, such sentence not having been subsequently reversed or quashed if, and, so long as such sentence has not expired; or

(ii) has been removed from office under rule 48, unless he has by an order which the Registrar is hereby empowered to make in this behalf, has been relieved from the disqualification arising on account of such sentence or removal from office; or

(b) who is an uncertified bankrupt or an undischarged insolvent or legally disabled, to contract; or

(c) who is less than 21 years of age; or

(d) who is of unsound mind; or

(e) who is declared by the Registrar to be a persistent defaulter; or

(f) who is a servant / employee or office-bearer and at the same time a borrower of the society

(2) In cooperative banks and in such societies as, have a paid-up share capital of rupees twenty thousand or above, no member of the society shall be in the committee:—

(a) who suffers from any of the disqualification specified in sub-rule (1); or

(b) who is a borrower or surety of a borrower, unless he has obtained the previous permission from the Financing Bank to which the society is indebted or of the Federation or Union to which the society is affiliated, or of the Registrar if the society is not so indebted or affiliated; or



- (c) who is interested, directly or indirectly in any contract or employment with or under or by or on behalf of the society; or
- (d) who does not hold shares of the paid-up value of at least Rs.500; or
- (e) in case of a representative of society, if he or the society of which he is a member, is a defaulter in payment of a loan to the bank or society from which he or it has borrowed a loan:

Provided, however, that a person referred to a clause (e) of sub-rule (1) or clause (b) of sub-rule (2) may appeal to the Government for the removal of the disability operating in his case.

(3) Where it appears to the Registrar that a member of a committee is not qualified or has become disqualified from being or continuing as a member of such committee under the provisions of sub-rules (1), (2) and (3) of rule 57, the Registrar shall issue a notice to such member to show cause why he should not be removed from his office; and if on receipt of the notice, such person either fails to show cause against the proposed action, or if the Registrar, on considering any cause shown by such member, is satisfied that such member is not qualified or has become disqualified from being continuing as a member of the committee, the Registrar shall direct that such member shall with immediate effect, cease to be a member of the committee, and such member shall thereupon cease to be a member of the committee from the date of such direction.

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

**55. Power to make service rules.**—(1) The Committee of every society shall frame service rules for its employees with regard to service matters viz. recruitment rules of all categories of posts, terms and conditions of appointment, leave, promotion, avenues of each category, educational qualification, pay structure, retirement age, annual assessment report, conduct rules, disciplinary procedure for delinquent employees, advance admissible to employees, medical facilities, benefit on death of an employee during service, leave travel concession, provident fund, Insurance of employees and other service matters keeping in view the law in force.

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

(3) The Registrar may, in respect of any post under a society referred to in sub-rule (1), lay down the technical and educational qualifications of persons to

be appointed to such post and also the security or securities to be obtained from such persons and no person shall be appointed to such post who does not possess such technical and educational qualifications and furnish security or securities.

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

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

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

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

### MISCELLANEOUS

56. **Special measures.**—If it appears to the Registrar that in the interest of the members of a society or its depositors, it is necessary that the moneys received and other assets of the society, whether held in the name of that society or any other person, are protected and preserved, the Registrar or any other person authorised by him, may without prejudice to any other action or proceedings which may be taken against the society under any law for the time being in force:—

- (a) enter and search any premises and seize books of account or other documents or records;
- (b) take in his custody all moneys, cash, securities, title deeds, properties, whether movable or immovable, belonging to such society including those being held on behalf of or in the name of any employee or agent of the society, beneficiary or transferee of such society or other person or their dependents;
- (c) direct any bank, financial institution or person to freeze all moneys deposited with it or him on behalf of the society or of any employee, agent, beneficiary or transferee of such society;
- (d) take all necessary steps and measures for identifying assets and property of the society and for realization, protection and preservation thereof;
- (e) restrain any society or employee, agent, beneficiary or transferee of such society or any person deriving or claiming title through any of



them from alienating, transferring, selling, assigning, disposing of or parting with possession of any property, movable or immovable, or deriving any benefit, rent or income therefrom; and

- (f) make such order for realization, protection and preservation of deposits of money and other assets and property of the society as he may deem fit.

**57. Power of Registrar to remove or suspend office-bearers.—(1)**

An office-bearer of a society, by whatever name called may be removed by the Registrar, if, on an enquiry, he is satisfied that the said office-bearer—

- (a) acts in a manner prejudicial to the interest of the society or its members; or
- (b) has incurred any of the disqualifications or has ceased to possess any of the qualifications for being an office-bearer provided by the Act, rules or bye-laws; or
- (c) has committed an act in respect of which the Registrar is empowered to take action under section 50-A.

(2) An order under sub-rule (1) shall not be passed without giving to the concerned office-bearer a reasonable opportunity of being heard.

(3) On being removed, the office-bearer shall not perform any function as such in relation to the society.

(4) An office-bearer aggrieved by an order under sub-rule (1) may, within a period of seven days from the date of the order of his removal, prefer an appeal to such Appellate Authority as may be constituted by the Government and the decision of the said Authority shall be final.

(5) The Registrar may suspend, for a period not exceeding three months, a member of the managing committee of a society, against whom an inquiry is pending under the act or the rules or there are reasons to believe that any such member has committed any irregularity, illegality, breach of trust or act prejudicial to the interests of the society.

(6) The Registrar may suspend an office-bearer of a society against whom a criminal charge or proceeding for arrest or debt is pending when such office-bearer is not actually detained in custody or imprisoned if the charge is connected with official position of such officer of society or involving any moral turpitude on his part, unless there are exceptional reasons for not adopting the course of suspension.

(7) In case an office-bearer of a society is committed to prison either for debt or on a criminal charge, or has been declared a proclaimed offender under any law for the time being in force, such office-bearer shall be suspended from the date of his arrest, detention or his declaration as proclaimed offender, until the termination of such proceedings against him

Provided that the sub-rule (7) shall be applicable to the candidates contesting elections under ICT (Managing Committees Election) Rules, 2014

**58. Power of Registrar to give directions** (1) Where the Registrar is satisfied that in the public interest or to prevent the affairs of any society from being conducted in a manner detrimental to the interest of its members or depositors or the society or to secure the proper management of any society generally, it is necessary, to issue directions to the societies generally or to any society in particular, it may issue necessary directions, and the societies or as the case may be the society shall be bound to comply with such directions.

(2) The Registrar may on a representation made to him or on his own motion modify or cancel any direction issued under sub-rule (1) and in so modifying or cancelling any direction impose such conditions as he may think fit subject to which the modification or cancellation shall have effect.

**59. Filling up of vacancies in the Managing Committee.**—The managing committee may fill vacancies occurring in it subject to approval of general body meeting.

Provided that the vacancies caused by the members of managing committee of a cooperative society ceasing to hold office exceeds one-third of the total elected members of a managing committee, it shall stand superseded forthwith and the affairs of the society shall be handed over to an Administrator who shall be appointed by the Registrar and hold office until the persons elected as members of the managing committee at the elections held in pursuance of Islamabad Capital Territory (Managing Committee Elections) Rules, 2014.

Further Provided that members superseded under this rule shall not suffer disqualification, if otherwise fit for the purpose.

**60. Restriction on excess membership.**—(1) Every cooperative housing society shall limit its membership to the number of plots or dwelling units and shall not admit to its membership persons exceeding number of plots or dwelling units, as the case may be.

(2) In case a housing society has already admitted members exceeding the number of plots or dwelling units, such society shall rationalize the surplus membership in a manner to be prescribed by the Registrar or the general body of the society.



**61. Citizen Charter.**—(1) Every cooperative society shall set up, at its own expense, a website and the Managing Committee will be responsible for making suitable arrangements for its regular maintenance, updation and ensuring that it runs securely, smoothly and uninterruptedly. The website will be updated at least once every month and the date of updating must be prominently displayed on the home page.

(2) The website will be accessible to all members of the society at all times. The society may, however, at its discretion, make the website open to the general public also. In case, access to any information is to be restricted and made available to the members only, then every member will be provided a separate username and password through which he can access the information.

(3) The following information regarding the society, its managing committee and membership shall be displayed on the website:—

- (a) number and date of Registration of the Society alongwith telephone number of the office of the society;
- (b) bye-laws of the society alongwith directions/instructions issued by the Registrar from time to time;
- (c) annual and special audit reports for last three years;
- (d) copy of approved Layout Plan clearly indicating seal and signatures of the approving authority;
- (e) minutes of annual general meeting held during the last three years and in the current year;
- (f) a list showing name, father's name, residential address and cell phone numbers of all members of the Managing Committee and office-bearers of the society alongwith the date from which they are holding office;
- (g) a membership list showing name, father's/spouse's name, residential address, date of acquiring membership, mode of acquiring membership, seniority in the membership register and the plot/flat number allotted in respect of all persons who are members of the society as on the date of updation of the website;
- (h) a chart displaying complete information about members added or deleted and transfer of membership etc. during the year;
- (i) information about the purchase of land including the land available with the society, its location and area specifying cost of land and source from which land has been acquired;

- (j) details of members for purchase of land and development specifying amount of installment and due date by which payment is to be made; and
- (k) a list of defaulters along with amount outstanding.

(4) The information displayed on the website will be deemed to be correct as on the date of updating and President and General Secretary of the Society shall be jointly responsible to ensure that all the information is displayed is authenticated and rectify errors or omissions, if any.

(5) Every cooperative Society shall also establish online complaint management system for the facilitation of its members.

**62. Dispute Resolution Committee.**—(1) Notwithstanding any other provision of these Rules, every cooperative housing society shall constitute a Dispute Resolution Committee within its scheme or project for a term of three years or until the completion of the tenure of Managing Committee, for amicable settlement of petty issues by involving notable members of such society.

Provided that the Dispute Resolution Committee shall not entertain and decide the matters pending before any other authority defined under the Act.

(2) The committee constituted under sub-rule (1) shall consist of three well reputed members of such society having apolitical background and shall dispose of its business in a manner to be prescribed by the society.

(3) The committee shall be housed in an office to be allocated by the society for this purpose and shall announce its decision within 30 days after hearing the parties.

**63. Declaration of assets by elected members and officers of society.**—(1) Each office-bearer including elected members and officers of a cooperative society shall declare the details of his incomes, assets and expenses and shall furnish such statement to the Registrar at the end of each cooperative year in a prescribed manner.

(2) The Registrar may suspend any elected member or an officer of a cooperative society in case such elected member or officer fails to furnish details of his assets as prescribed in sub-rule (1).

(3) In case any elected member or officer of a cooperative society fails to furnish the details of his assets for two consecutive years, such elected member or officer of the Society shall cease to hold his office forthwith and shall not be re-instated until he furnishes the details of his assets as prescribed in sub-rule (1).



**64. Representation of employees of certain cooperative societies in their managing committee.**—(1) Each cooperative society registered under the name and seal of any department, corporation or organization owned by federal or provincial government shall ensure representation of at least one-third seats in its managing committee for the employees of such department or organization in whose name such cooperative society has been registered.

(2) The representation of employees referred to in sub-rule (1) shall be made through election and in case one-third employees of such department or organization are not elected, the elected managing committee shall recommend the nomination of one-third employees to the Registrar within 30 days of issuance of notification of such managing committee:

Provided that in case the managing committee fails to fill up the one-third vacancies reserved for the employees of such department or organisation within 30 days, such managing committee shall stand dissolved forthwith.

*Explanation:* For the purpose of the Rule, an employee shall include such person who is drawing his salary or pension from such department or organization and is eligible to contest elections as per Islamabad Capital Territory (Managing Committee Elections) Rules, 2014.

**65. Restriction on persons involved in allied business.**—Every cooperative housing society shall ensure that no office-bearer or staff of such society is involved in real estate, property dealing, construction, procurement of land or any other allied business which is likely to subvert the interest of members of the society.

**66. Cooperation among cooperatives.**—Every cooperative society shall take effective measures to promote 'co-operation among cooperatives' in line with sixth cooperative principle for the betterment of members by utilizing their 'common resources' to achieve 'common goals' as per international best practices.

**67. Measures for safety and security in housing societies.**—(1) Every cooperative housing society shall take effective preventive measures to ensure safety and security of its members and residents as per requirements of Safe City Project/ Authority, including:—

- i. Installation of Close Circuit Cameras in all sensitive locations in the residential scheme;
- ii. Storage, backup and security of electronic data;
- iii. Deployment of adequate number of well-trained security guards;
- iv. Easy access to emergency contact numbers;

v. Installation of fire-fighting equipment; and

vi. Compilation of data of residents and their servants/maids.

(2) The Managing Committee, Administrator or the Caretaker Committee, as the case may be, shall nominate one member of the committee or officer of the society for co-ordination with authorized representative by Safe City Project or Authority.

(3) The member or an employee appointed under sub-rule (2) shall be responsible for smooth functioning, maintenance and monitoring of activities mentioned in sub-rule (1) and shall be held accountable in case of any lapse.

**68. Power to requisition services of employees.**—The Government or the Registrar may, for a specific period, requisition services of any employee of a cooperative society for a purpose associated with or incidental to cooperative principles and movement.

**69. Power to exempt from rules.**—The Government may, by general or special order, exempt any cooperative society or any class of cooperative societies from any of the provisions of these rules or may direct that such provisions shall apply to such cooperative society or class of cooperative societies with such modifications or conditions as may be specified in the order.

**70. Official duty.**—Any officer appointed by the Government or the Registrar to perform any duty under the Act or these rules shall be deemed to be an official work and the re-muneration or honorarium or fee paid to him for the purpose shall be deemed to be fixed and paid by the Government.

**71. Offences, penalties and cognizance of offences.**—(1) Whoever contravenes any provision of these rules shall be liable to be punished with imprisonment for a term, which may extend to six months, or with fine of rupees fifty thousand, or with both.

(2) No prosecution under these rules shall be lodged without the previous sanction of the Registrar, which shall not be given except after serving a notice on the party concerned and giving him a reasonable opportunity of being heard.

(3) No court or other authority whatsoever shall take cognizance of any offence punishable under these rules, except on the complaint made in writing by the Registrar or any person authorized by him in this behalf:



Provided that before granting sanction for prosecution under these rules, the Registrar shall, conduct an inquiry by himself or through police or any other investigating agency, which shall seek sanction for prosecution of the person/persons against whom action is being proposed under the act or these rules.

72. **Indemnity.**—No suit, prosecution or other legal proceedings shall lie against the Government or the Registrar or any other person for anything done in good faith in his official capacity or intended to be done under the Act or these Rules.

73. **Removal of doubt.**—If any doubt arises in the interpretation of any of the provisions of these rules, the matter shall be referred to the Government or such other officer as may be specified by the Government by a general or special order in this behalf, and the Government or such other officer may, make order, not inconsistent with the provisions of the Act and these rules, for the purpose of removing the doubt.

74. **Repeal and savings.**—(1) On the day in which these rules come into force, the Co-operative Societies Rules, 1927 shall stand repealed.

(2) Any action taken, order issued, Bye-laws made under the provisions of the Co-operative Societies Rules, 1927 shall, in so far as it is not inconsistent with the provisions of these rules, be deemed to have been taken, issued or made under the provisions of these rules.

[No. 1(19)-Law/2018-850.]

BY ORDER OF THE CHIEF COMMISSIONER  
ISLAMABAD CAPITAL TERRITORY

MUHAMMAD HAMZA SHAFQAAT, PAS  
*Director (Administration).*

**SCHEDULE - A***(See Rule-2)*

Application for registration of a society.

- i. Name of proposed Society.
- ii. Address to be registered.
- iii. Is liability limited or unlimited?
- iv. Area of operations.
- v. Objects of the Society.
- vi. If the capital is to be raised by shares what is the number and value of shares which it is proposed to issue?
- vii. In other cases, what is the amount of the capital it is proposed to raise by loan or deposit.
- viii. Language in which the books and account will be kept. 9. With this application for registration are sent three copies of the proposed By-laws signed by the applicants (not less than ten).

**(Signatures)**

Name & Father's Name	Age	Caste	Profession	Place of residence, village and district

**SCHEDULE-B***(See sub-rule (3) of rule 34)*

Regulations regarding the Recovery and Deposits of fees of various services to be rendered by the Registrar to the Co-operative Societies and their members.

1. **Short-Title and Application.**—(1) These regulations may be called the Islamabad Co-operative Societies Fees Recovery and Deposits Regulations, 2018.

(2) These regulations shall apply to all co-operative societies registered or deemed to be registered under the Co-operative Societies Act, 1925 and the members, past members, heirs, legal representatives, nominees of the deceased members, agents and servants of the co-operative society, and the staff paid out of the fund.

2. **Definition.**—Words and expressions defined in the Act and Rules and used in these Regulations shall have the meaning assigned to them.

3. **Creation of "Settlement and Execution Expense Fund".**—The Registrar shall create a Fund titled "Settlement and Execution Expenses Fund" (here-in after called the Fund) which shall be managed and controlled by a committee of following members:—



- (1) Arbitration case No.
- (2) Date of decision/award/order.
- (3) Whether appeal preferred.
- (4) Relief claimed.
- (5) Against whom to be executed (full names and address to be given).
- (6) Mode of execution:—
  - (i) If execution is to be made by attachment or sale of movable or immovable property of the judgment debtor, give full details and the names of persons in whose possession and custody.
  - (ii) If by arrest and detention (specify the place where the judgment debtor shall be found).
  - (iii) Name of the persons who would assist the executing officer.

Verified at Islamabad this.....day of.....20.....that the above statements are true to the best of my knowledge and belief I undertake to bear all expenses in execution of the decision/award/order.

Signature of Decree Holder

#### **SCHEDULE-D**

*(See sub-rule (6) of Rule-39)*

#### **Application for Execution Proceedings**

(1)

Decree-holder

Versus

(2)

Judgment-debtor

#### **Demand Notice**

Whereas the decree-holder applied to the Registrar for the execution of the award/order given in case No. (Certified copy of which is enclosed).

Where the judgment-debtor named above is required to comply with the decision/award/order mentioned above and has not so far complied-with the same.

Now, in exercise of my powers, I call upon the judgment-debtor to appear before me on..... at .....in my office to show cause why the decision/award/order aforesaid should not be executed according to the

provisions of the Code of Civil Procedure, 1908 (Act No. V of 1908) by attachment of his property/by arrest or detention of the judgment-debtor.

Given under my seal and signature this.....day of.....20.....

Signature.....

Seal of Recovery Officer.....

### SCHEDULE-E

(See clause (a) of Rule 39-C)

Before Mr.....Recovery Officer, Office of the Registrar, Co-operative Societies, Islamabad.

Execution Case No.....

Decree-holder

Versus

Judgment-debtor

Warrant of attachment of movable property in execution of the decree.

To,

The Bailiff,

.....

Whereas the judgment debtor above named was ordered by decree dated (the.....passed by.....in Arbitration Case No.....to pay the amount in the margin and whereas the said sum of Rs. has not been paid).

Decretal Amount Rs.

- (i) Principal
- (ii) Interest
- (iii) Costs
- (iv) Cost of execution
- (v) Further interest

**Total**



These are to command you to attach the movable property of the said judgment debtor as set forth in / Schedule here into annexed or which shall be pointed out to you by the decree-holder or his representative or agent, and unless the said judgment debtor shall pay to you the said sum of Rs.,.....together with Rs.....the cost of the attachment to held the same until further orders from the Recovery Officer. These are to command you to attach the movable property of the said judgment debtor as set forth in/Schedule here into annexed or which shall be pointed out to you by the decree-holder or his representative or agent, and unless the said judgment debtor shall pay to you the said sum of Rs.....together with Rs.....the cost of this attachment to hold the same until further or orders from the Recovery Officer.

You are further commanded to return this warrant on or before the.....day of.....20.....with an endorsement certifying the day on which and the manner in which it has been executed or why it has not been executed.

Given under my hand and the seal.....this day of.....2.....

Seal

Recovery Officer

# **SCHEDULE-F**

*(See Rule 39-D)*

Order to attach Salary of Public Officer or Servant of Railway or Local Authority.

Execution Case No.....

Decree-holder  
Versus  
Judgment-debtor

To,

.....  
.....  
.....

Whereas.....(Judgment-debtor) is a (Office of the Judgment-debtor) receiving salary and allowances at your hand or on your account and whereas .....decree-holder in the said case has applied to the Recovery Officer for the attachment of the salary and allowances of said Mr./Mrs./Ms..... to the extent of Rs..... (decretal amount) due to him under the decree, you are hereby required to

withhold the said sum of Rs.....from the salary and allowances of the said Mr./Mrs./Ms. ....in monthly installments of Rs.....and to remit the said sum of monthly installments to me.

Given under my hand and seal of the Court this day.....of.....20....

Recovery Officer

## SCHEDULE-G

(See Rule-49)

Form of proclamation to be issued prohibiting any private transfer or delivery of or encumbrance or charge on the property made or created after the issue of a certificate under Section 59.

A. In the case of immovable property—

Whereas.....Society has obtained an award or awards under Section 54 or an order or orders of liquidator under Section 50 of the Sindh Co-operative Societies (Amendment) Act, 1947 for an amount of Rs..... against .....and proposes to execute the same by sale of the under mentioned property of the said defaulter or defaulters and whereas the said society has obtained a certificate dated the .....for execution of the award or the order, as the case may be, under Section 59 of the said Act, notice is hereby given that any private transfer or delivery of or encumbrance or charge on the property made or created after the issue of the certificate shall null and void as against the said society.

### Description of Property

Date of award or order	Name of the parties against whom award or order has been passed and certificate under Section 59 has been issue	Survey No.	Area	Assessment	Remarks

The notice shall be proclaimed at some place on or adjacent to such property by beat of drum or other customary mode, and a copy of the said notice shall be fixed on a conspicuous part of the property and then upon a conspicuous part of the village chawki, and also where the property is land paying revenue to the Government, in the office of the Collector of the District in which the land is situated.



B. In the case of movable property, a similar notice may be given with necessary change as to the description of the property. A copy of the notice shall be delivered to the defaulter.

### SCHEDULE-H

Form of certificate for transfer of property under

*[See sub-rule 5 of Rule-50]*

In the case of immovable property

Whereas in execution of the award or awards passed under Section 54 or an order or orders made by liquidator under Section 50 of the Sindh Co-operative Societies (Amendment) Act, 1947, in favor of the.....  
.....society.....  
.....an order was made on the.....day  
of.....20..... for the sale of the under mentioned property of  
the person or persons (defaulter or defaulters) and whereas the Court or the  
Collector is satisfied that the said property cannot be sold for want of buyers.

It is hereby ordered under sub-section (1) of Section 59-A of the said Act that the right, title and interest of the defaulter shall vest in the said society and shall be delivered to the society subject to the terms and conditions laid down in the Scheduled hereto annexed.

#### Description of the Property

Survey No.	Area & Assessment	Nature of Right, title and interest of the defaulter	Details of encumbrance to which property is subject

The said property is transferred to the Society in full / partial satisfaction of the amount due to it from the defaulter.

Given under my hand and the seal of the Court or Collector  
this.....day of.....20.....

**Court or Collector.**

In the case of movable property—

(The form will be similar with necessary changes as regards the description and the delivery of the property).

