

CO-OPERATIVE SOCIETIES ACT, 1968

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THE UNITED REPUBLIC OF TANZANIA



No. 27 OF 1968

I ASSENT,

Julius K. Nyerere
President

16TH, MAY 1968

An Act to repeal and replace the Co-operative Societies Ordinance

[— . —————]

ENACTED by the Parliament of the United Republic of Tanzania.

PART I

PRELIMINARY

1. This Act may be cited as the Co-operative Societies Act, 1968, and shall come into operation on such date as the Minister may, by notice published in the *Gazette*, appoint.

Short title
and
commence-
ment
Interpreta-
tion

2. In this Act, unless the context otherwise requires-
"agricultural produce" means the produce of farms, gardens, orchard and forests, and includes all dairy produce and all the products of fish and fishing;

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

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

"board of directors" has the same meaning as that assigned to the word "committee";

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

- "by-laws" means the by-laws made by a society in the exercise of the power conferred by this Act, and duly registered in accordance with the provisions of this Act and also means any registered amendment of such by-laws;
- "committee" means the governing body of a registered society to whom the management of its affairs is entrusted; -
- "dividend" means the sum paid on the share capital Invested in a society;
- "member" includes a person or registered society joining in the application for the registration of a society, and a person or registered society admitted to membership after, registration in accordance with the by-laws and rules;
- "Minister" means the Minister for the time being responsible for matters relating to co-operative societies
- "national society" means a registered society the area of whose operation extends throughout Tanganyika;
- "officer" means any officer of a society and includes a president, chairman, secretary, treasurer, member of, the committee or other person empowered under the rules or by-laws to give directions in regard to the business of a registered society;
- "primary society" means a registered society all whose members are-
- (a) natural persons who have attained the apparent age of eighteen years; or
 - (b) natural persons who have attained the apparent age of eighteen years and, subject to the provisions of section 8, such bodies of persons, whether corporate or unincorporated, as the registrar may approve;
- "registered society" means a co-operative society registered, under this Act;
- "registrar" means the registrar of co-operative societies appointed under section 3 of this Act;
- "savings and credit society" means a registered society whose principal objects is to encourage thrift among its members and to create a source of credit for its members at a fair and reasonable rate of interest;
- "secondary society" means a registered society which does not contain any members who are individuals.

PART II

REGISTRAR

Power of
President
to appoint
registrar
and
assistant
registrars

3.-(1) The President may appoint a registrar of co-operative societies and may appoint a deputy registrar and such number of assistant registrars as may be required.

(2) The deputy registrar and the assistant registrars shall act under the control of the registrar and may exercise any of the functions of the registrar.

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

PART III
REGISTRATION

4.-(1) Subject to the provisions hereinafter contained, a society which has as its objects the promotion of the economic interests of its Members in accordance with co-operative principles, or a society established for the purpose of facilitating the operations of such societies, may be registered under this Act with or without limited liability.

Societies
which may
be registered

(2) Save where the registrar otherwise directs-

(a) the liability of a society-

- (i) of which a member is a registered society; or
- (ii) which is a savings and credit society shall be limited;

(b) the liability, of a society of which the primary object is the creation of funds to be lent to its members and of which the majority of the members, are agriculturists and of which no member is a registered society shall be unlimited.

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

Restrictions
on member
of society
holding
share
capital
Conditions
of registra-
tion and
use of
word
"limited"

6.-(1) No society, other than a society of which a member is a registered society, shall be registered under this Act unless it consists of at least ten persons who have attained the apparent age of eighteen years, and, where the object of the society is the creation of funds to be lent to its members, unless such persons-

- (a) reside in the same town or village or in the same group of villages; or
- (b) save where the registrar otherwise directs, are members of the same occupation.

(2) The word "limited" shall be the last word in the name of every society with limited liability registered under this Act.

7.-(1) Where for the purposes of this Act any question arises as to whether-

- (a) a person is an agriculturist;
- (b) a person is a resident in a town or village or a group of villages;
- (c) two or more villages shall be considered to form a group;
- (d) a person belongs to any particular occupation; or
- (e) a person has attained the apparent age of eighteen years,

the question shall be decided by the registrar.

(2) Any person aggrieved by a decision of the registrar given under subsection (1) may in writing appeal to the Minister whose decision shall be final and shall not be subject to review in any court.

Power of
registrar
to decide
certain
questions

8. No company incorporated or registered under the Companies Ordinance, and no unincorporated body of persons shall be entitled to become a member of a registered society except with the written permission of the registrar, and subject to such rules as may be made under section 99 of this Act.

Membership
subject to
registrar's
permission
in certain
cases
Cap. 212

Applica-
tion for
registration

9.-(1) For the purposes of registration an application to register shall be made to the registrar.

(2) The application shall be signed-

(a) in the case of a society which after registration will be a primary society, by at least ten members thereof qualified in accordance with the requirements of subsection (1) of section 6; and

(b) in the case of a society which after registration will be a secondary society by a duly authorized person on behalf of every registered society or other body which is a member of such society.

(3) The application shall be accompanied by three copies of the proposed by-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the registrar may require.

Registration

10.-(1) If the registrar is satisfied that a society has complied with the provisions of this Act and of the rules and that its proposed by-laws are not contrary to the Act or to the rules, he shall register the society and its by-laws unless he is of the opinion that-

(a) proper provision has not been made for the financing of the society; or

(b) there is already a society in the same locality which is performing substantially similar activities for persons of the same class or occupation and that the registration of another society would serve no useful purpose; or

(c) the by-laws do not contain sufficient safeguards for the proper administration of the society; or

(d) having regard to all the circumstances it is not desirable to register the society.

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

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

(4) Every appeal under subsection (3) shall be made within sixty days from the date of the decision of the registrar.

Probationary
societies

11.-(1) Where by reason of non-compliance with any provision of this Act or of the rules or of any direction given by him the registrar, acting under the power conferred upon him by section 10, is unable to register a society but is satisfied that steps can be and will be taken with diligence by the applicants to comply with such provision or direction, as the case may be, he may, in his absolute discretion, by notice in writing (hereinafter referred to as a notice of deferment), defer registration of that society pending compliance with such provision or direction.

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

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

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

(5) When a probationary society is duly registered under section 10, its certificate of registration shall supersede its notice of deferment which shall thereafter cease to have effect and the society shall be deemed for all purposes to have been registered from the date on which the notice of deferment in respect thereof was issued by the registrar.

(6) The registrar may, in his absolute discretion, cancel a notice of deferment by notice in writing addressed to the probationary society concerned and such cancellation shall, from the date thereof, operate as a refusal to register the society for the purposes of section 10:

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

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

(8) The provisions of paragraph (a) of subsection (2) of section 4, subsection (2) of section 6 section 12, subsections (2) and (3) of section 13, sections 22, 34, 48, 56, 77, 78, 79, 80 and 81 shall not apply to a probationary society.

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

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

(11) A probationary society which contravenes any of the provisions of subsection (10) and every officer of a probationary society which contravenes any such provision shall be guilty of an offence and liable to a fine of one thousand shillings and, in the case of a continuing offence, to a fine of one hundred shillings for each day during which the default continues.

Evidence of registration

12. A certificate of registration signed and sealed by the registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

Amendment of the by-laws of a registered society

13.-(1) A registered society may, subject to the provisions of this section, amend its by-laws.

(2) No amendment of the by-laws of a registered society shall be valid until the same has been registered under this Act, for which purpose three copies of the amendment shall be forwarded to the registrar.

(3) If the registrar is satisfied that the amendment of the by-laws is not contrary to this Act or to the rules he may, if he thinks fit, register the amendment.

(4) When the registrar registers an amendment of the by-laws of a registered society, he shall issue to the society a copy of the amendment certified and sealed by him which shall be conclusive evidence that the same is duly registered.

Amendment of by-laws by registrar

14.-(1) Where the registrar is of the opinion that it is necessary or desirable in the interest of a registered society or in the interest of the members of a registered society or in the public interest that the by-laws of the registered society be amended he may, by notice in writing require the registered society to amend its by-laws in such manner and within such period as may be specified in the notice.

(2) Where a notice under subsection (1) is served upon a registered society and the society fails to comply with the same the registrar may, after giving the registered society an opportunity of being heard, proceed to amend the by-laws and register the amendment.

(3) When under subsection (2) the registrar registers an amendment he shall issue to the society a copy of the amendment certified and sealed by him.

(4) An appeal shall lie to the Minister from any amendment of the by-laws of a registered society registered under this section, and the Minister's decision thereon shall be final and shall not be subject to review in any court.

(5) Every appeal under subsection (4) shall be made within thirty days of the registration of the amendment.

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

Member not to exercise rights till due payment is made

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

Restriction on membership in society with unlimited liability

16. No person other than a registered society shall be a member of more than one registered society with unlimited liability, except with the sanction of the registrar first had and obtained.

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

Votes of members

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

18.-(1) The transfer or charge of the share or interest of a member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the rules.

Registrations on transfer of share or interest

(2) In the case of a society registered with unlimited liability a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless-

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer or charge is made to the society or to a member of the society.

PART V

DUTIES OF REGISTERED SOCIETIES

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

Address of societies

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

Copy of Act, rule and by-laws to be open to inspection
Audit

21.-(1) The registrar shall cause to be audited by some person authorized by him by general or special order in writing in this behalf the accounts of every registered society once at least, in every year.

(2) The committee of every registered society shall take all such steps as may be necessary to ensure that the accounts of the registered society are made up and ready for audit within three months from the close of the financial year of the society.

(3) The audit under subsection (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the society.

(4) The registrar or any person authorized by general or special order in writing in this behalf by the registrar shall at all times have access to all books, accounts, papers and securities of a society, and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

(5) The registrar and every other person appointed to audit the accounts of a society shall have power when necessary-

- (a) to summon at the time of the audit any officer, agent, servant or member of the society who he has reason to, believe can give relevant information in regard to any transactions of the society or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.
- (6) The duly audited accounts of every registered society shall be submitted to the registrar for approval.
- (7) When the accounts of a society have been audited and adopted by a general meeting of the society and approved by the registrar, they shall be conclusive except as regards any error discovered therein within six months next after the date of approval by the registrar and except as regards any allegation of fraud. Whenever any such error is discovered within that period the accounts shall forthwith be corrected with the approval of the registrar and thereafter shall be conclusive except as regards any allegation of fraud.

PRIVILEGES OF REGISTERED SOCIETIES

Societies
to be bodies
corporate

22. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal.

Powers of
registered
societies

23. A registered society shall have power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution.

Priority
of claim
of registered
society as
against
crops,
agricultural
produce,
cattle,
implements,
raw material
and
manufactured
articles

24.-(1) Subject to the prior claims of the Government on the property of its debtors and of landlords in respect of rent, or any money recoverable as rent, a registered society shall have a first charge-

(a) upon the crops or other agricultural produce of a member or past member, at any time within two years from the date when seed, fertilizer or insecticide was supplied, or money was lent, to such member or past member, in respect of the unpaid portion of the cost of the seed, fertilizer or insecticide supplied or of the unpaid portion of the money lent;

(b) in respect of the supply of cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw material for manufacture or of the loan of money for the purchase of any of the foregoing animals or things, upon any such animals or things so supplied or purchased in whole or in part from any such loan or on any articles manufactured from raw materials supplied or purchased.

(2) Where the produce of members or past members has been marketed in bulk and a loss has ensued a registered society may deduct in any future year or years from the proceeds of any similar produce so marketed a sufficient sum to cover such loss. If a member resigns from a society before such loss is recovered the society may, if it thinks fit, institute civil proceedings for the recovery of any sum due within a period of two years from the date when such member resigned.

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

Charge and set-off respect of share or interest of members

26. Subject to the provisions of section 25 the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and the official receiver under the law relating to bankruptcy for the time being in force shall not be entitled to or have any claim on such share or interest.

Share or interests not liable to attachment

27.-(1) Notwithstanding the provisions of any written law to the contrary on the death of a member a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated to the legal personal representative of the deceased member or pay to such nominee or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or by-laws:

Transfer of interest on death of member

Provided that-

- (a) in the case of a society with unlimited liability, such nominee or legal personal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid; or
- (b) in the case of a society with limited liability the society shall transfer the share or interest of the deceased member to such nominee or legal personal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within one month of the death of the deceased member to any person specified in the application who is so qualified.

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

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

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

Liability of past member

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

Liability of the estates of deceased members

- Register of members **30.**-(1) Every registered society shall maintain a register of its members in such manner as may be prescribed and shall enter therein such particulars as may be prescribed.
- (2) The register of members shall be *prima facie* evidence of any matters required by rules to be entered therein.
- Proof of entries in societies' books 31. A copy of any entry in a book of a registered society regularly kept in the course of business, shall, if certified in such manner as may be prescribed by the rules, be received in any, suit or legal proceedings as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.
- Restriction on the production of societies' books 32. In the case of such registered societies as the registrar by general or special order may direct, no officer of a society shall in any legal proceedings to which the society is not a party be compelled to produce any of the society's books, the contents of which can be proved under section 31, or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of the court made for special cause.
- Exemption from compulsory registration of instruments relating to shares and debentures of registered society **33.** Subject to the provisions of Part VIII, nothing in any written law requiring registration of instruments relating to shares and debentures shall apply to-
- (a) any instrument relating to shares in a registered society, notwithstanding that the assets of such society consist in whole or in part of immovable property; or
- (b) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except insofar as it entitles the holder to a security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or
- (c) any endorsement upon or transfer of any debentures issued by any such society.
- Power to exempt from duty or tax **34.**-(1) Notwithstanding the provisions of any law to the contrary the President may, by notice in the *Gazette*, in the case of any registered society or class of registered societies reduce or remit-
- (a) the duty or tax which under any law for the time being in force may be payable in respect of the accumulated funds of the society or of the dividends or other payments received by the members of the society on account of the accumulated funds;

(b) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society or any class of such instruments, are respectively chargeable;

(c) any registration fee payable under any law for the time being in force.

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

PART VI

MANAGEMENT OF REGISTERED SOCIETIES

35. The control of the affairs of a registered society shall be vested in the general meeting summoned in accordance with the by-laws of the society and the rules.

General
meeting

36.-(1) Every committee shall consist of not less than four members including the chairman of the committee and the vice-chairman (if any).

Constitution
of committee

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

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

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

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

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

Power of
committee

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

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

Restrictions relating to members of committee

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

Provided that where the Minister is satisfied that any registered society is the type of society commonly known as a workers' joint enterprise society he may, by notice in the *Gazette*, declare the registered society to be a society to which the provisions of this subsection shall not apply.

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

- (a) the payment of an honorarium is authorized by a resolution to that effect passed at a general meeting of the society;
- (b) the amount of the honorarium does not exceed the sum of five hundred shillings per annum in the case of a member of a primary society and two thousand shillings per annum in the case of a member of the committee of a secondary society;
- (c) the registrar has granted permission in writing for the payment of such honorarium:

Provided that the total sum paid by way of honorariums by any registered society to the members of its committee shall not exceed fifty per centum of the annual net surplus of the registered society.

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

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

Dissolution of the committee of a society

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

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

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

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

Provided that the registrar may in his discretion from time to time amend the order for the purpose of extending the period during which the appointment shall have effect, so however that the aggregate period during which the appointment shall so have effect shall not exceed four years.

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

(5) It shall be the duty of the person or persons appointed under this section to manage the affairs of a registered society and to comply with the directions, if any, which the registrar may give.

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

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

(8) Nothing in this section shall be deemed to affect the power of the registrar to cancel the registration of the society under section 77.

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

(10) Every appeal under subsection (9) shall be made within sixty days from the date of the publication in the *Gazette* of the order appealed against.

40. Subject to the general direction and control of the registrar, any person or persons appointed under section 39 to assume the functions of the committee of any registered society shall have all the powers, rights and privileges of a duly constituted committee of the society.

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

Power of person appointed under section 39
Committee to comply with directions contained in reports

**PART VII
PROPERTY AND FUNDS OF REGISTERED SOCIETIES**

- Restrictions on loans 42.-(1) A registered society shall not make a loan to any person other than a member:
- Provided that, with the approval of the registrar, a registered society may make loans to another registered society.
- (2) Save with the sanction of the registrar a registered society with unlimited liability shall not lend money on the security of movable property.
- (3) The registrar may by direction prohibit or restrict the lending of money on a charge of immovable property by any registered society or class of registered societies.
- (4)-(a) A registered society whose main object is to supply commodities, to its members shall not make any loans nor allow any credit without the sanction of the registrar who may impose such limits on loans or credit as he thinks fit.
- (b) A registered society which markets the agricultural produce or handicrafts or mineral products of its members may make advances only up to a limit not exceeding 75 per centum of the local value as estimated by the committee of agricultural products or handicrafts or mineral products delivered to the society for marketing.
- (5) In giving any such sanction the registrar may impose such limitations, requirements and restrictions as he deems fit.
- (6) Notwithstanding the provisions of this section a registered society may, with the permission in writing of the registrar and subject to any rules made under this Act, make a loan to any person for agricultural purposes.
- Restrictions on borrowing from non-members 43. A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or by-laws.
- Restrictions on other transactions with non-members 44. Save as provided in sections 42 and 43 the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions, if any, as the Minister may, by rules, prescribe.
- Investment of funds 45.-(1) A registered society may invest its funds-
- (a) in deposits in the Post Office Savings Bank;
 - (b) in interest bearing deposits in the National Bank of Commerce or the National Co-operative Bank;
 - (c) in the shares of any other registered society; or
 - (d) in such other investments as the Minister may, by order published in the *Gazette*, declare to be authorized investments for the purpose of this section.
- (2) The registrar may direct any registered society to invest its funds or any portion of its funds in any one or more of the investments authorized by or under subsection (1) and it shall be the duty of the registered society to comply with such directions.

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

46.- (1) The by-laws of a registered society shall provide for the raising of funds to finance its activities either by the issue of shares or by a cess or levy on agricultural or other produce or handicrafts marketed through the society or by a combination of any of these methods or by such other means as may be approved by the registrar.

Financial provisions

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

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

47.- (1) A registered society, having as one of its objects the disposal of any produce of agriculture or animal husbandry or handicrafts or mining, may contract with its members, either in its by-laws or by a separate document, that they shall dispose of all their produce, or of such amounts or descriptions as may be stated therein, to or through the society, and may in the contract provide for payment of a specific sum per unit of weight or other measure as liquidated damages for infringement of the contract, and such sum shall be a debt due to the society.

Contract with members to dispose of produce

(2) Any such contract shall create in favour of the society a first charge upon all produce mentioned therein, whether existing or future, in order to secure the due marketing of the same in accordance with the contract.

(3) The covenants or obligations imposed by the contract shall run with any lands, trees, buildings or other structures mentioned therein, and shall be binding on all assignees and transferees, and any transfer or conveyance of property subject to such a contract shall be deemed to operate also as a like transfer or assignment of the contract and of all shares which may have been issued in respect of the contract.

Compulsory
sale of
produce

48.-(1) If, upon application made by a registered society, the registrar is satisfied that-

- (a) the application is made in pursuance of a resolution in that behalf approved at a general meeting of the members or delegates of the registered society at which not less than two-thirds of the members or delegates were present and held after reasonable notice given of the place and time of the meeting and the intention to move such resolution thereat; and
- (b) the membership of the registered society in the whole of Tanganyika or in any region, district or other area comprises not less than seventy-five per centum of all the producers, or all the producers of any particular class or classes of producer in the whole of Tanganyika or in that region, district or other area, of any kind of commodity mentioned in section 47, and that during the two years preceding the date of the application the members have produced and delivered to the society not less than seventy-five per centum of the total output of all producers of that commodity, or the total output of such class or classes of producer of that commodity, in Tanganyika or in that region, district or other area; and
- (c) the making of an order is in the general interest of the industry affected thereby,

the registrar may, by order, declare that each producer or each producer of such class or classes of producer (or each producer of any class or classes of producer specified in the order) of such commodity (or such description thereof as may be specified in the order) in Tanganyika or in that region, district or other area (or in such area, whether the whole of Tanganyika or not, as may be specified in the order) shall sell such commodity produced by him in accordance with any directions given by the registered society (including any directions to sell to or through such registered society), whether such producer be a member or not:

Provided that no such order shall apply to any producer who, during each of the two years immediately preceding the date of operation of such order, produced not less than such amount as shall be prescribed in such order, so however that such order (if still in force) shall apply to such producer at the expiration of any period of two successive years during each of which his production was less than the prescribed amount, and every such order shall, without prejudice to the generality of this subsection, provide accordingly.

(2) No order shall be made under subsection (1) until the registrar shall have notified his intention of making such order by publishing a notice in the *Gazette* setting out the terms of the proposed order and two months shall have elapsed since the publication in the *Gazette* of such notice:

Provided that nothing in this subsection shall require any order made under subsection (1) to be in the same terms as those set out in the notice published under this subsection.

(3) Any person who objects to the making of an order under subsection (1) may send his written objections to the registrar so that they shall be received by the registrar prior to the expiration of thirty days after the date upon which the notice referred to in subsection (2) shall have been published in the *Gazette*.

(4) The registrar shall consider all written objections received by him within the period mentioned in subsection (3) before making an order under subsection (1).

(5) Every order made under subsection (1) shall be published in the *Gazette* and shall be expressed to, come into operation on a date which shall not be earlier than twenty-eight days after the date of the publication of the order in the *Gazette*.

(6) The word "Producer" in paragraph (b) of subsection (1) does not include any person to whom an order made under subsection (1) will not apply by virtue of the proviso, to that subsection and who is not a member of the registered society.

(7) For the avoidance of doubt but without prejudice to the generality of subsection (i), the expression "class or classes of producer" means any class or description or classes or descriptions of producer, whether determined by reference to the amount of commodity produced or otherwise.

49. Subject to the provisions of this section a contract shall not unless any term thereof otherwise provides, be void or unenforceable by reason only that the performance of any term of such contract is or would be in contravention of any directions given by a registered society under an order made under section 48, and any party to such contract who sells or otherwise disposes of any commodity in accordance with any term of such contract shall be deemed to be exempted from compliance with such directions:

Effect of
order on
existing
contracts

Provided that-

- (a) the provisions of this section shall apply only in respect of a contract made prior to the date of the resolution in pursuance of which an application was made by the registered society under subsection (1) of section 48 for the making of the order under which the directions were given;
- (b) the provisions of this section shall cease to apply to any contract upon the expiration of twelve months from the date when directions were first given by the registered society, and the exemption conferred by this section shall thereupon terminate.

Appeal
against
directions
as to
sale

50.-(1) Any person to whom any order made under section 48 applies who is aggrieved by any directions given thereunder may at any time appeal in writing to the Minister.

(2) Upon receipt of any written appeal, the Minister shall cause a copy of the same to be sent to the registered society which may, within such period as the Minister shall have notified to it advise the Minister in writing whether it consents or objects to the exercise by the Minister of any of the powers conferred by paragraph (a) of subsection (3), and shall give reasons for such consent or objection.

(3) The Minister, after considering any written reply from the registered society received within the period notified to such registered society under subsection (2), may-

(a) by certificate under his hand, exempt the appellant from the operation of all or any of the provisions of the directions, or modify all or any of the provisions of the directions in their application to the appellant; or

(b) dismiss the appeal.

(4) Any certificate of exemption or modification given under this section may be granted for such period and subject to such conditions as may be specified, by the Minister.

(5) The decision of the Minister on any appeal shall be final and shall not be subject to review in any court.

Revocation
of order
made under
section 48

51.-(1) The registrar may revoke any order made under section 48 if he is satisfied that-

(a) the continuance of the order is not in the general interests of the industry affected thereby; or

(b) less than two-thirds of the producers to whom such order applies are members of the registered society and that the members of the society delivered to the registered society during the last preceding years less than two-thirds of the total output of the commodity produced by all the producers to whom such order applies; or

(c) not less than one-third of the members or delegates of the registered society have voted in favour of such revocation at a general meeting of the society held after reasonable notice given of the place and time of the meeting and of the intention to take a vote upon the question of revocation.

(2) The registrar shall revoke any order made under section 48 if he is satisfied that at least seventy-five per centum of the primary societies in the area to which the order applies (being primary societies to whose members such order applies) have voted in favour of such revocation at a general meeting held by each of them after reasonable notice given of the place and time of the meeting and the intention to take a vote upon the question of revocation.

Obligations
of producers
to whom
order
under
section 48
applies

52.-(1) Every producer to whom any order made under section 48 applies who is not a member of the registered society in respect of which the order is made shall, while such order applies to him, be subject to all the conditions and obligations to which he would be subject if he were a member, other than an obligation to, pay any membership fee or share subscription.

(2) If any such producer wishes to become a member of the registered society, the society shall admit him to membership on payment of the share subscription sufficient to qualify him for membership and of the membership fee, if any.

53.-(1) Subject to the provisions of this Act, any person who-

- (a) fails to comply with any direction given by a registered society under an order made under section 48; or
- (b) buys or otherwise acquires any commodity sold or disposed of in contravention of any such directions knowing, or having reason to believe, that such sale or disposal is in contravention of such directions,

Penalties
for non-
compliance
with
directions
as to sale

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding ten thousand shillings or to imprisonment for a term not exceeding six months, or to both such fine and imprisonment.

(2) Where any person is charged with an offence against paragraph (a) of subsection (1), the onus of proof that he was at the relevant time a person to whom any order made under section 48 did not apply or was exempted from compliance with any direction made thereunder or that any such direction was at the relevant time modified in its application to him, or that any certificate of exemption or modification was in force at the relevant time or that any condition attaching to any such certificate had been complied with, and, where any person is charged with an offence against paragraph (b) of subsection (1), the onus of proof that he did not know or had no reason to believe that any sale or disposal was in contravention of any directions given by a registered society, shall be upon the person charged.

(3) Every offence against subsection (1) shall be triable by a court presided over by a district magistrate or a resident magistrate and, notwithstanding the provisions of any other law for the time being in force, a resident magistrate may impose any fine within the limits specified in subsection (1).

(4) In any proceedings for an offence against subsection (1), a certificate purporting to be under the hand of the registrar to the effect that an order under section 48 has been made and that the direction was given by the registered society shall be admissible in evidence without any further proof and shall be conclusive evidence of the matters stated in such certificate.

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

Dividends
and bonus

(2) No society shall pay a dividend to its members on their paid-up shares exceeding five per centum per annum.

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

Reserve fund	<p>55.-(1) Every society which does or can derive a profit from its transactions shall maintain a reserve fund.</p> <p>(2) A society with unlimited liability, which advances money or goods to any member in excess of money or goods deposited by him, shall carry one-fourth of the annual net surplus to the reserve fund.</p> <p>(3) All other societies shall carry to the reserve fund such portion of the annual net surplus as may be prescribed by the rules and by-laws.</p>
Distribution of net balances	<p>56. Subject to the provisions of this Act and of any rules made thereunder, a registered society may apply the annual net balance together with any sum available for distribution from previous years to payment of bonuses and to any staff incentive bonus scheme in such manner and in such proportion as may be prescribed by the rules or by its by-laws.</p>
Contribution for charitable, educational and medical purposes	<p>57. Subject to the consent of the registrar a registered society may, by resolution in general meeting, appropriate from its funds and expend on any charitable, educational or medical purpose or such other object as the Minister may approve, an amount not exceeding fifty per centum of the annual net balance of that society.</p>

PART VIII

REGISTRATION OF CHARGES

Registration of charges	<p>58.-(1) Subject to the provisions of this Part, every charge to which this section applies, created by a registered society shall, so far as any security on the society's property is thereby conferred, be void against the liquidator and any creditor of the society unless the prescribed particulars of the charge, together with the instrument, if any, by which the charge is created or evidenced, or a copy thereof verified in the prescribed manner, are delivered to the registrar for registration within thirty days after the date of the creation of the charge, but without prejudice to any contract or obligation for payment of the money thereby secured, and when a charge becomes void under this section the money secured thereby shall immediately become payable.</p> <p>(2) This section applies to the following charges: -</p> <p>(a) a charge for the purpose of securing any issue of debentures;</p> <p>(b) a charge created or evidenced by an instrument which, if executed by an individual, would require registration under the Chattels Transfer Ordinance;</p> <p>(c) a charge on immovable property, wherever situate, or any interest therein;</p> <p>(d) a charge on book debts of the society;</p> <p>(e) a floating charge on the property of the society.</p> <p>(3) Where a negotiable instrument has been given to secure the payment of any book debts of a registered society, the deposit of the instrument for the purpose of securing an advance to the society shall not for the purposes of this section be treated as a charge on those book debts.</p> <p>(4) The holding of debentures entitling the holder to a charge on immovable property shall not for the purposes of this section be deemed to be an interest in immovable property.</p>
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(5) Where a series of debentures containing or giving by reference to any other instrument, any charge to the benefit of which the debenture holders of that series are entitled *pari passu* is created by a registered society, it shall, for the purposes of this section, be sufficient if there are delivered to or received by the registrar, within thirty days after the execution of the deed containing the charge or, if there is no such deed, after the execution of any debentures of the series, the following particulars: -

- (a) the total amount secured by the whole series; and
- (b) the date of any resolution authorizing the issue of the series and the date of the covering deed, if any, by which the security is created or defined; and
- (c) a general description of the property charged; and
- (d) the names of the trustees, if any, for the debenture holders,

together with the deed containing the charge, or, if there is no such deed, one of the debentures of the series:

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

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

59.-(1) It shall be the duty of the registered society to send to the registrar for registration the particulars of every charge created by the society to which section 58 applies, but registration of any such charge may be effected on the application of any person interested therein.

Duty of society to register charges created by society

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

(3) if any registered society makes default in sending to the registrar for registration the particulars of any charge, to which section 58 applies, created by the society, then, unless the registration has been effected by some other person, the society and every officer thereof who is knowingly a party to the default shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred shillings for every day during which the default continues.

60.-(1) Where a registered society acquires any property which is subject to a charge to which section 58 would apply if the charge had been created by the society after the acquisition of the property, the society shall cause the prescribed particulars of the charge, together with a copy (certified in the prescribed manner to be a correct copy) of the instrument, if any, by which the charge was created or is evidenced, to be delivered to the registrar for registration within thirty days after the date on which the acquisition is completed.

Duty of society to register charges existing on property acquired

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

Register
of charges

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

- (a) in the case of a charge to the benefit of which the holders of a series of debentures are entitled, such particulars as are specified in subsection (5) of section 58;
- (b) in the case of any other charge-
 - (i) if the charge is a charge created by the society, the date of its creation, and if the charge was a charge existing on property acquired by the society, the date of the acquisition of the property;
 - (ii) the amount secured by the charge;
 - (iii) short particulars of the property charged; and
 - (iv) the persons entitled to the charge.

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

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

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

Endorsement
of certificate
of registra-
tion on
debenture

62.-(1) Every registered society shall cause a copy of every certificate of registration given under section 61 to be endorsed on every debenture or certificate of debenture stock which is issued by the society, and the payment of which is secured by the charge so registered:

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

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

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

Entry of satisfaction and rectification of register

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

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

Registration of enforcement of security

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

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

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

Copies of instrumental charges to be kept by society

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

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

Society's register of charge

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

Right to inspect copies of instruments creating mortgages and charges and society's register of charges

67.-(1) The copies of the instrument creating any charge required to be registered with the registrar under the provisions of this Part, and the register of charges kept by the registered society in pursuance of section 66, shall be open during business hours (but subject to such reasonable restrictions as the society in general meeting may impose, so however that not less than two hours in each day shall be allowed for inspection) to the inspection of any creditor or member of the society without fee, and the register of charges shall also be open to the inspection of any other person on payment of such fee, not exceeding one shilling for each inspection, as the society may determine.

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

PART IX

INSPECTION OF AFFAIRS

Inquiry by registrar

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

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

Inspection

69.-(1) The registrar shall, on the application of a creditor of a registered society, inspect or direct some person authorized by him by order in writing in this behalf to inspect, the books of the society:

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

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

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

70.-(1) Where an inquiry is held under section 68 or an inspection is made under section 69, the registrar may, by a certificate under his hand and seal, make an award apportioning the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers of the society.

Costs of
inquiry

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

Acts, 1966
No. 49

71.-(1) Where upon an inquiry under section 68 or upon an inspection under section 69 the registrar is satisfied that a past or present officer or member has made or authorized an unlawful payment or has by negligence or misconduct caused a deficiency or a loss or failure to bring to account or has by negligence or misconduct caused loss of or damage to any property of the registered society, the registrar may surcharge such person with the unlawful payment, deficiency or loss, or the sum which ought to have been brought to account or the value of the property lost or damaged or the cost of repairing the damage, as the case may be, or with such portion of such unlawful payment, deficiency, loss, sum, value or cost as, the registrar may consider reasonable having regard to all the circumstances of the case.

Surcharge

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

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

(4) Where a person has been surcharged with an amount under this section and he fails to pay such amount within thirty days after the service of the notice upon him in accordance with subsection (2) or, if he has appealed to the Minister or the High Court and he fails to pay the amount of the surcharge, if any, decided upon by the Minister or the High Court on appeal within fifteen days from the date of the decision of the Minister or the High Court, the registrar may issue a certificate under his hand and seal specifying the name and address of the person who has been surcharged and the amount of the surcharge and such certificate or a certified copy thereof may be lodged in a court of a resident magistrate or a district court and upon being so lodged it

shall be deemed to be a decree passed by such court for the payment by the person named in the certificate to the registrar of the sum specified in the certificate and such sum may be recovered in any manner prescribed by the Civil Procedure Code, 1966 for the enforcement of decrees and the provisions of that Code relating to execution of decrees shall apply, *mutatis mutandis*, to proceedings for the recovery of such amount specified in the certificate.

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

PART X

AMALGAMATION AND DIVISION

Voluntary
amal-
gamation

72.-(1) Any two or more registered societies may, with the approval in writing of the registrar and after complying with such conditions as may be prescribed, resolve, by a resolution approved at a general meeting of each of the societies at which not less than two-thirds of the members or delegates of the society are present and held after reasonable notice given of the place and time of the meeting and of the intention to move such resolution thereat, to amalgamate as a single society.

(2) where the registrar is satisfied that-

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

he may, by order published in the *Gazette*, amalgamate the societies.

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

- (a) the date on which the societies shall amalgamate (hereinafter referred to as "the effective date");
- (b) the names of the amalgamating societies; and
- (c) the name of the amalgamated society,

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

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

- (a) all the assets and liabilities of the amalgamating societies shall, by virtue of such order and without further assurance, vest in the amalgamated society;
- (b) the registrar shall cancel the registration of the amalgamating societies and such cancellation shall be effective as from the effective date; and
- (c) the registrar shall, notwithstanding the provisions of section 9 and section 10, register the amalgamated society and the by-laws of the amalgamated society.

Compulsory
amalgama-
tion

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

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

(3) When the registrar has approved the proposed by-laws he may, by order published in the *Gazette*, amalgamate the registered societies and the provisions of subsection (3) of section 72 shall apply to every such order.

(4) Every order made under subsection (3) shall have the same effect and consequences as an order made under subsection (2) of section 72.

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

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

Voluntary
division

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

(3) Where the registrar is satisfied that-

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

he may, by order published in the *Gazette*, divide the existing society into the proposed new societies.

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

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

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

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

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

- (a) the assets and liabilities of the existing society subsisting on the effective date shall, by virtue of such order and without further assurance, vest in the new societies in the manner specified in such order;
- (b) the registrar shall cancel the registration of the existing society and such cancellation shall be effective as from the effective date; and
- (c) the registrar shall, notwithstanding the provisions of section 9 and section 10, register the new societies and their respective by-laws.

Compulsory
division

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

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

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

(4) Where the registrar is satisfied that the proposed by-laws of the proposed new societies are unobjectionable he may, by order published in the Gazette, divide the existing society into the proposed new societies and the provisions of subsection (4) of section 74, shall apply to every such order.

(5) Every order made under subsection (4) shall have the same effect and consequences as an order made under subsection (3) of section 74.

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

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

Defect or irregularity in notice, etc

PART XI

DISSOLUTION OF SOCIETY

77. If the registrar after an inquiry has been held under section 68 or after an inspection has been made under section 69 or on receipt of an application made by three-fourths of the members of a registered society, is of the opinion that the society ought to be dissolved, he may, by order in writing, cancel the registration of the society.

Dissolution

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

Cancellation of registration of society

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

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

79.-(1) Where the registration of a society is cancelled under the provisions of-

- (a) subsection (5) of section 73; or
- (b) subsection (6) of section 75; or
- (c) section 77; or
- (d) section 78,

Appeal against cancellation of registration

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

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

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

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

Effect of
cancellation
of registra-
tion

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

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

Winding-up

81. Where the registration of a society is cancelled under any of the sections 73, 75, 77 or 78 the registrar may appoint a competent person to be liquidator of the society and all the assets and liabilities of the society shall vest in the liquidator as from the date when cancellation takes effect.

Powers of
liquidator

82.-(1) A liquidator appointed under section 81 shall have the power-

- (a) to institute and defend suits and other legal proceedings by and on behalf of the society by his name or office and to appear in court as a litigant in person on behalf of the society;
- (b) to refer disputes to arbitration;
- (c) to determine the contribution to be made by the members and past members and by the estates of deceased members of the society respectively to the assets of the society;
- (d) to investigate all claims against the society, and, subject to the provisions of this Act, to decide questions of priority arising between claimants;
- (e) to determine from time to time by what persons and in what proportion the costs of the liquidation are to be borne;
- (f) to examine and investigate any claim which the society may have against any person;

- (g) to take possession of the books, documents and assets of the society; and
- (h) to give such directions in regard to the collection and distribution of the assets of the society and the disposal of the books and documents of the society as may appear to him to be necessary for winding up the affairs of the society.

(2) Subject to, any rules made under section 99, a liquidator appointed under this section shall, insofar as such powers are necessary for carrying out the purpose of this section, have power to summon and enforce the attendance of witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided in the case of a court under the Civil Procedure Code, 1966.

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

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

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

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

Power to stay or restrain proceedings against society

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

Avoidance of dispositions etc., after cancellation

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

Avoidance of attachment etc.

86.-(1) Where, in the case of the winding up of a society, it appears that any person who has taken part in the organization or management of the society or any past or present chairman, secretary, member of the committee or officer of the society has misapplied or retained or become liable or accountable for any money or property of the society or has been guilty of misfeasance or breach of trust in relation to the

Power of registrar to assess damage against delinquent promoters etc.

society, the registrar may, on the application of the liquidator or of any creditor or contributory, investigate the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof as the case may be with interest at such rate as the registrar thinks just or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication, retainer, misfeasance or breach of trust as the registrar thinks just.

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

Power to arrest absconding promoter, officer, etc.

87. Any court of a resident magistrate may, on the application of the registrar or of the liquidator and on proof of probable cause for believing that any person or officer of the society mentioned in subsection (1) of section 86 is about to quit the United Republic or otherwise to abscond or remove any of his property for the purpose of evading calls or of avoiding investigation of his conduct or of avoiding examination by the liquidator or by the registrar respecting the affairs of the society or of avoiding compliance with any order made by the registrar under the said subsection (1) of section 86, cause him to be arrested and his books and papers and movable property to, be seized and him and them to be detained until such time as the court may order.

Debts of all description may be proved

88. In every winding-up of a registered society all debts payable on a contingency, and all claims against the society, present or future, certain or contingent, ascertained or sounding only in damages, shall be admissible to proof against the society, a just estimate being made, so far as possible, of the value of such debts or claims as may be subject to any contingency or sound only in damages, or for some other reason do not bear a certain value.

Where society is insolvent

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

Preferential payments

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

- (a) all Government taxes and local rates due from the society at the relevant date and having become due and payable within twelve months next before that date not exceeding in the whole one year's assessment;

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

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

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

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

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

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

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

(6) For the purposes of this section-

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

Fraudulent preference

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

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

Liabilities and rights of certain fraudulently preferred persons

92.-(1) Where anything made or done is void under section 91 as a fraudulent preference of a person interested in property mortgaged or charged to secure the society's debt, then (without prejudice to any rights or liabilities arising apart from this provision) the person preferred shall be subject to the same liabilities, and shall have the same rights, as if he had undertaken to be personally liable as surety for the debt to the extent of the mortgage or charge on the property or the value of his interest, whichever is the less.

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

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

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

Effect of floating charge

93. Where a registered society is being wound up, a floating charge on the undertaking or property of the society created within six months of the cancellation of the registration of the society taking effect shall, unless it is proved that the society immediately after the creation of the charge was solvent, be invalid, except to the amount of any cash paid to

the society at the time of or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate, of six per cent per annum or such other rate as may for the time being be Prescribed-

94.-(1) Where any part of the property of a registered society which is being wound up consists of land of any tenure burdened with one covenants, of shares or stock in companies, of unprofitable contracts, or of any property that is unsaleable, or not readily saleable. by reason of its binding the possessor thereof to the performance of any onerous act or to the payment of any sum of money, the liquidator, notwithstanding that he has endeavored to sell or has taken possession of the property or exercised any act of ownership in relation thereto, may, with the leave of the registrar and subject to the provisions of this section, by writing signed by him, at any time within twelve months after the cancellation of the registration of the society taking effect or such extended period as may be allowed by the registrar, disclaim the property.

Disclaimer
of onerous
property
in case of
society
wound up

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

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

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

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

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

Restriction
of rights
of creditor
as to
execution or
attachment
in case of
society
being
wound up

Provided that-

- (a) a person who purchases in good faith under a sale by a bailiff on an order of a court any movable property of a society on which an execution has been levied shall in all cases acquire a good title thereto against the liquidator; and
- (b) the rights conferred by this subsection on the liquidator may be set aside by the registrar in favour of the creditor to such extent and subject to such terms as the registrar may think fit.

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

(3) In this section and in section 96 the expression "movable property" includes all chattels personal, and the expression "bailiff" includes any officer charged with the execution of a writ or other process.

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

Duties of court as to goods taken in execution

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

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

Courts not to have jurisdiction in dissolution of societies

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

Destruction of books and records

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

PART XII RULES AND REGULATIONS

Rules

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

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

-
- (a) subject to the provisions of section 5 prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;
 - (b) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;
 - (c) prescribe the matters in respect of which a society may or shall make by-laws and for the procedure to be followed in making, altering and abrogating by-laws, and the conditions to be satisfied prior to such making, alteration or abrogation;
 - (d) prescribe the conditions to be complied with by persons applying for admission or admitted as members and provide for the election and admission of members, and the payment to be made and the interests to be acquired before the exercise of the right of membership and to provide for the termination of membership;
 - (e) regulate the manner in which funds may be raised by means of shares or debentures or otherwise and the form in which any application for financial assistance from the Government shall be made;
 - (f) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings and for the method of summoning members to such meetings and giving notice of such meetings to members;
 - (g) provide for the appointment, remuneration, suspension and removal of the members of the committee and other officers and for the procedure at meetings of the committee and for the powers to be exercised and the duties to be performed by the committee and other officers and to provide for the delegation of the powers of the committee;
 - (h) provide for the appointment and terms of service of the employees of a society;
 - (i) provide for the submission of annual estimates for the approval of the registrar;
 - (j) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society;
 - (k) provide for the persons by whom and the form in which copies of entries in books of societies may be certified;
 - (l) provide for the form of the register of members and for the particulars to be entered therein;
 - (m) provide that any dispute touching the business of a society between the members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the committee or any officer shall be referred to the registrar for decision or, if he so directs, to arbitration under the Arbitration Ordinance; cap. 15

- (n) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled and for the liabilities of past members;
- (o) provide for the mode in which the value of a deceased member's interest shall be ascertained and for the nomination of a person to whom such interest may be paid or transferred;
- (p) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred;
- (q) prescribe the payments to be made and the conditions to be complied with by members applying for loans, the period for loans, the period for which loans may be made and amount which may be lent, to an individual member and the manner in which such loans shall be repaid;
- (r) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of the society;
- (s) prescribe the extent to which a society may limit the number of its members;
- (t) prescribe the conditions under which accumulated funds may be distributed, to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by societies;
- (u) subject to the provisions of this Act, determine in which cases an appeal shall lie from the orders of the registrar and prescribe the procedure to be followed in presenting and disposing of such appeals;
- (v) prescribe the procedure for amalgamation and division of societies and conditions subject to which such amalgamation or division may be affected;
- (w) prescribe the procedure to be followed by a liquidator appointed under section 81 and the cases in which an appeal shall lie from any order of such liquidator;
- (x) provide for the powers to be exercised and the duties to be performed by and the remuneration and other terms of service of a supervising manager;
- (y) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and prescribe for the administration of such a fund; and
- (z) prescribe anything that may be, or is required to be, prescribed under this Act.

(3) In any case where the registrar is satisfied that a substantial number of members of any society are unacquainted with the English language, he shall cause such rules to be translated into a language with which such members are acquainted, and additionally to be made known in such manner as is customary for the community concerned, but in the event of any dispute the English version shall be deemed to be the correct version.

100. The registrar shall have power to make regulations prescribing-

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

Power of
register to
make
regulations

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

- (a) an application for registration;
- (b) the issue of a registration certificate;
- (c) the registration of by-laws;
- (d) the registration of amendments to by-laws;
- (e) a search in the registration register;
- (f) inspection of documents;
- (g) certified or uncertified copies of documents;
- (h) translations of documents;
- (i) the registration of charges;
- (j) the inspection of registers of charges;
- (k) any other matter in respect of which a fee is chargeable under the provisions of this Act:

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

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

102. All sums due from a registered society or from an officer or member or past member of a registered society as such to the Government may be recovered in the manner provided for the recovery of debts due to the Government under the law for the time being in force.

Recovery
of sums
due to
Government

PART XIII

OFFENCES

Offences

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

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

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

Penalty for soliciting violation of contracts

104. (1) Any person, firm or company having knowledge or notice of the existence of a contract described in section 47 or of an obligation imposed upon producers in accordance with the provisions of section 48, who solicits or persuades any person to sell or deliver produce in violation of that contract or obligation shall be liable to a fine not exceeding one thousand shillings for each offence, and shall in addition pay to the society concerned the market price of such produce as at the date of such offence.

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

Prohibition of the use of word "operative"

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

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

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

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

Offences by officer of society being wound up

- (a) does not to the best of his knowledge and belief fully and truly discover to the liquidator all the Property, movable and immovable, of the society;
- (b) does not deliver up to the liquidator or as he directs, all such part of the movable or immovable property of the society as is in his custody or under his control;
- (c) does not deliver up to the liquidator, or as he directs, all books and papers belonging to the society; or
- (d) fraudulently parts with, conceals, destroys, falsifies, mutilates or alters, or is privy to the fraudulent parting with, concealment, destruction, falsification, mutilation or alteration of any book or paper relating to or affecting the property or affairs of the society,

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

PART XIV

MISCELLANEOUS

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

Power to exempt societies from conditions as to registrations

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

Power to exempt registered societies from provision of the Act

Appointment
of special
members to
committees

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

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

(3) For the purposes of this section-

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

(i) if within the immediately preceding three years the society has received any grant of money from the Government;

(ii) if any money has been lent to the society by the Government and the loan has not been repaid; or

(iii) if any loan made to the society has been guaranteed by the Government and either the guarantee is still outstanding or the guarantee has been honoured by the Government and the society has not paid to the Government all sums (including interest, if any, thereon) paid by the Government under the terms of the guarantee; and

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

Term of
appointment
and powers
of special
members

110.-(1) A special member of a committee appointed under section 109 shall remain a member of the committee until his appointment is determined by the registrar.

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

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

Saving
Cap. 212
Cap. 213

111. The provisions of the Companies Ordinance and the Business Names (Registration) Ordinance, shall not apply to societies registered under this Act.

PART XV**REPEAL AND TRANSITIONAL**

112. The Co-operative Societies Ordinance (hereinafter in this Part referred to as "the Ordinance") is hereby repealed. Cap. 211
repealed

113. Notwithstanding the provisions of section 112- Transitional
provisions

- (a) every society, and all by-laws of a society and any amendments thereof, registered under the Ordinance shall be deemed to have been registered under this Act;
- (b) every committee of a registered society lawfully constituted under the provisions of the Ordinance shall be deemed to have been constituted under this Act;
- (c) any register kept in pursuance of the Ordinance shall be deemed to have been kept, and shall continue to be kept, in accordance with the provisions of this Act;
- (d) any document referring to a provision of the Ordinance shall be construed as referring to the corresponding provision of this Act;
- (e) all orders, directions, appointments and other acts and things lawfully made or done under any of the provisions of the Ordinance and in force immediately before the commencement of this Act shall be deemed to have been made or done under the corresponding provision of this Act and shall continue to have effect accordingly.

Passed in the National Assembly on the tenth day of May, 1968.


M. M. Msekwa
Clerk to the National Assembly