THE CO-OPERATIVE SOCIETIES (REPAYMENT OF LOANS) ORDINANCE, 1960

(Ordinance XXXIV of 1960)

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SECTIONS

[1]THE CO-OPERATIVE SOCIETIES (REPAYMENT OF LOANS) ORDINANCE, 1960

(Ordinance XXXIV of 1960)

[15 August 1960]

An Ordinance to provide for the repayment of certain unsecured loans or loans insufficiently secured

WHEREAS it is expedient to provide for the repayment of such loans taken from Co-operative Banks and other Co-operative Societies as have not been secured or are insufficiently secured;

Now, THEREFORE, in pursuance of the Proclamation of the seventh day of October, 1958, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:-

1. Short title, extent and commencement.— (1) The Ordinance may be called the Co-operative Societies (Repayment of Loans) Ordinance, 1960.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. Definitions.— In this Ordinance, unless there is anything repugnant in the subject or context—

(*a*) "Co-operative Bank" means a Co-operative Society established for carrying on banking business and having as its principal object the financing of other co-operative societies, and includes co-operative societies known as Banking Unions and Zamindari Banks;

(*b*) "Co-operative Society" means a society which, having as its object the promotion of the common interests of its members in accordance with co-operative principles or having been established with the object of facilitating the operation of such a society, is registered under the Co-operative Societies Act, 1912, or under any other law for the time being in force relating to the registration of co-operative societies;

(*c*) "loan" means loan, whether of money or in kind, which has not been secured or is insufficiently secured and taken—

(*i*) from a co-operative society, not being a Co-operative Bank, by any person other than a member of such society, or

(*ii*) from a Co-operative Bank by any person, including any member thereof, but not a co-operative society, and includes any transaction which, in the opinion of the Registrar is in substance a loan as aforesaid;

Explanation— A loan is "insufficiently secured" if it is not secured by mortgage, pledge, hypothecation or assignment of such property of the borrower or of his surety or of both as, in the case of a loan not exceeding thirty thousand rupees, co-operative society concerned, and, in the case of a loan exceeding thirty thousand rupees, the Registrar, may think adequate.

(*d*) "Registrar" means:-

(*i*) [2][* * * * * * * * * * *]

(*ii*) [3][* * * * * * * * * * *]

(*iii*) in relation to a co-operative society in [4][the Punjab] the Registrar of Co-operative Societies, [5][Punjab].

3. Repayment of loans, etc.— Notwithstanding anything contained in any other law for the time being in force, or in any agreement or other instrument, every loan repayable on any day earlier than one year preceding the commencement of this Ordinance and every loan any installment whereof was payable as aforesaid and has not been so paid, shall unless repaid earlier, be repaid and secured in the following manner, that is to say—

(*a*) not less than twenty per cent of the loan repayable as aforesaid shall be paid within six months from the commencement of this Ordinance; and

(b) the balance of the loan after payment as aforesaid shall, within two months from the expiry of the period mentioned in clause (*a*), be secured by mortgage, pledge, hypothecation or assignment of such property of the borrower or of his surety or of both as, in the case of a loan not exceeding thirty thousand rupees, the co-operative society concerned, and, in the case of a loan exceeding thirty thousand rupees, the Registrar, may think adequate, and shall be repaid in such installments within a period not exceeding two years from the commencement of this Ordinance as the co-operative society or the Registrar, as the case may be, directs:

Provided that the Registrar may, if he considers necessary, in cases in which not less than fifty per cent of the loan has been repaid within the aforesaid period of two years, extend the period by a further period, and such further period shall not exceed six months.

4. Determination of liability to repay, etc.— (1) Every co-operative society shall, within thirty days of the commencement of this Ordinance, or within such further period as the Registrar may, in special circumstances, allow, furnish to the Registrar full information in respect of all cases of loans required to be repaid or secured under section 3.

(2) On receipt of information under sub-section (1) in respect of any loan, the Registrar shall cause notice to be issued to the borrower requiring him to repay and secure the loan in accordance with the provisions of section 3.

(3) Where any borrower to whom notice under sub-section (2) is issued does not admit the loan, or any liability arising therefrom, he shall, within thirty days of the receipt of notice, or within such further period as the Registrar may, in special circumstances, allow, submit, either personally or by registered post (acknowledgment due), a written statement to that effect to the Registrar, who thereupon shall cause notice to be issued to the co-operative society concerned, and shall, after making such inquiry as he considers necessary, and giving the parties reasonable opportunity of being heard, decide the matter.

(4) The decision of the Registrar under sub-section (3) shall be final, and shall not be called in question in any court.

5. Power of Registrar when making inquiry.— The Registrar shall, for the purpose of making any inquiry under this Ordinance, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908[6], when trying a suit, in respect of the following matters, namely:-

(*a*) summoning and enforcing the attendance of any person and examining him on oath;

(*b*) requiring the discovery or production of any document;

(c) requisitioning any public record from any court or office;

(*d*) issuing commissions for the examination of witnesses;

(*e*) appointing guardians or next friends of persons who are minors or of unsound mind;

(*f*) adding legal representatives of deceased borrowers or sureties;

(*g*) substituting the names of rightful parties;

(*h*) consolidation of cases; and

(*i*) any other matter which may be prescribed by rules made under section 6.

6. Power to make rules.— The [7][Provincial Government] may, by notification in the official Gazette, make rules to carry out the purposes of this Ordinance.

7. Penalty.— Whoever contravenes any of the provisions of this Ordinance or the rules made thereunder shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

8. Procedure.— No court shall take cognizance of any case under this Ordinance except on a complaint in writing made by the Registrar.

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[1] This Ordinance was promulgated by the President of Pakistan on 1st August., 1960; published in the Gazette of Pakistan (Extraordinary), dated 15th August, 1960, pages 1375-78; saved and given permanent effect by Article 225 of the Constitution of the Islamic Republic of Pakistan (1962).

It has been adopted by the Punjab Laws (Adaptation) Order, 1974 (Pb. A.O. 1 of 1974).

[2] Deleted by the Punjab Laws (Adaptation) Order, 1974 (Pb. A.O. 1 of 1974).

[3] *Ibid*.

[4] Substituted *ibid,* for "West Pakistan".

[5] *Ibid*.

[6] V of 1908.

[7] Substituted by the Central Adaptation of Laws Order, 1964 for "Central Government".