ANNEXURE V

CHIEF PROVISIONS OF CO-OPERATIVE CREDIT SOCIETIES ACT, 1904 (ACT NO. X.)

1. That any ten persons living in the same village or town, or belonging to the same class or caste, might be registered as a co-operative society for the encouragement of thrift and self-help among the members.

2. The main objects of a society are to raise funds by deposits from members and loans from non-members, Government and other co-operative societies, and to distribute the money thus obtained in loans to members or, to other co-operative societies.

3. The organisation and control of co-operative Credit societies in each province would be under the charge of the Registrar of Co-operative Credit Societies.

4. The accounts of every society are to be audited by the Registrar or by a member of his staff free of charge.

5. Rural societies are to have four-fifths of their members from agriculturists; urban, four-fifths from non-agriculturists.

6. The liability of members of a rural society is to be unlimited, except with special sanction by the Local Government.

7. No dividends are to be paid from the profits of a rural society, but when the reserve fund has grown beyond certain limits fixed under the Bye-laws, a bonus might be distributed to the members.

8. In urban societies, no dividend is payable until one-quarter of the profits in a given year is carried to the reserve fund.

9. Loans can be made only to members, and usually only on personal or real security, although ornaments, the common form of savings of many peasants, might legally be accepted as security.

10. Societies formed under the Act are exempt from fees payable under the stamp, registration, and income tax acts.