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4th Session 1968-69



Co-operative Societies Loans (Special Provisions) Act, No. 14 of 1969

Date of Assent : June 1, 1969

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*Co-operative Societies Loans (Special Provisions)
Act, No. 14 of 1969*

L. D.—O. 34/68.

AN ACT TO PROVIDE FOR THE REMOVAL OF DOUBTS AS TO THE VALIDITY OF LOANS GRANTED BY CO-OPERATIVE SOCIETIES FOR AGRICULTURAL PURPOSES TO THEIR MEMBERS ON THE SECURITY OF CERTAIN BONDS, AND AS TO THE VALIDITY OF SUCH BONDS, AND FOR PURPOSES CONNECTED THEREWITH OR INCIDENTAL THERETO.

[Date of Assent: June 1, 1969]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Co-operative Societies Loans (Special Provisions) Act, No. 14 of 1969, and shall be deemed, for all purposes, to have come into force on September 2, 1967.

Short title and date of coming into force.

2. (1) A Co-operative Society shall have power to grant a loan for agricultural purposes to any person who is a member of that Society on the security of a bond which stipulates, *inter alia*, that in the event of default in the repayment of such loan, such person shall surrender on demand his rice ration book and those of the members of the family of such person, and accordingly—

Special provisions applicable in the case of loans granted by Co-operative Societies for agricultural purposes on the security of certain bonds.

(a) the grant of such loan shall be deemed, for all purposes, to be an object or purpose for which that Society may utilize its funds, notwithstanding anything in any relevant written law applicable to that Society;

(b) that Society, or any of its officers on behalf of that Society, shall have authority to do all such acts or things as may be necessary to give full force and effect to the preceding provisions of this sub-section;

(c) such person shall have power to enter into such bond, and to sign such bond on behalf of the minor members of his family, and is hereby authorized and required to do all such acts or things as may be necessary to comply with the terms of such bond and the provisions of this Act which are applicable in the event of default in the repayment of such loan;

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- (d) each adult member of the family of such person shall have power to sign such bond, and is hereby authorized and required to do all such acts or things as may be necessary to enable such person to comply with the terms of such bond and the provisions of this Act referred to in paragraph (c) of this sub-section;
- (e) such loan shall be deemed, for all purposes, to be validly given, notwithstanding that it was so given on the security of such bond; and
- (f) such bond shall be deemed, for all purposes, to be valid, notwithstanding that it contains the stipulation referred to in the preceding provisions of this sub-section.

(2) The form of the bond referred to in sub-section (1) shall be as determined, from time to time, by the Co-operative Society by which the loan to which the bond relates is granted.

Special provisions applicable in the event of default in the repayment of a loan.

3. (1) Where any Co-operative Society has granted a loan for agricultural purposes to any person who is a member of that Society on the security of a bond which stipulates, *inter alia*, that in the event of default in the repayment of the loan, such person shall surrender on demand his rice ration book and those of the members of the family of such person, then, the following provisions shall apply in the event of default in the repayment of such loan:—

- (a) that Society shall have the right to demand from such person by notice in writing the surrender of all or any of such rice ration books within such time as may be specified in the notice, and, upon the expiration of that time, such person shall cease to have the right to retain possession of all or any such books;
- (b) in the event of the rice ration books being so surrendered, that Society shall have the right to retain possession of them and to dispose of them in accordance with such directions as may be issued from time to time by the Food Controller;

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- (c) upon failure to surrender the rice ration books in compliance with such a notice, no rice rations shall be issued to the holders of the rice ration books referred to in such notice until the loan is settled in full, whether by the surrender of rice ration books or otherwise;
 - (d) if the rice ration books are surrendered in compliance with such a notice but the value of the rice rations to which the coupons in such books relate is not sufficient to settle the loan in full, no rice rations shall be issued to the holders of the rice ration books referred to in such notice until such loan is settled in full, whether by the surrender of rice ration books or otherwise;
 - (e) every case of failure to so surrender the rice ration books shall forthwith be reported to the Food Controller by that Society, and the Food Controller shall forthwith issue written directions to the authorized distributor from whom rations are drawn on such rice ration books, to stop the issue of rations on such ration books, and it shall be the duty of such authorized distributor to comply with such directions;
 - (f) the settlement of the loan by means of the withholding of rice rations, whether by the surrender of the rice ration books to which such rice rations relate or otherwise, shall, after the assignment of a value to such rice rations as hereinafter provided, be effected in such mode and manner as may be determined by the Food Controller from time to time by directions which he is hereby authorized to issue in that behalf.
- (2) For the purpose of enabling the repayment of any loan referred to in sub-section (1) by means of the surrender of rice ration books, the Food Controller may, from time to time, by notice published in the *Gazette* assign a value to a weekly rice ration. Different values may be so assigned in respect of the rice rations for different weeks.

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Special provisions relating to bonds entered into during a certain period.

4. No bond of the description referred to in section 2 (1) which was entered into by a member of any Co-operative Society at any time during the period commencing on September 2, 1967, and ending on the day immediately prior to the date on which this Act becomes an Act of Parliament shall be deemed or construed to be invalid by reason only of the fact that it contains on the face of it a reference to any provision of any regulation or regulations made, or purporting to have been made, under the Food Control Act; and such bond shall be read and construed, for all purposes, as though for that reference there had been substituted a reference to the provisions, or the corresponding provisions, of this Act.

Power of Minister to make Orders.

5. All matters connected with or relating to loans granted by Co-operative Societies for agricultural purposes to their members and defaults in the repayment of such loans for which no provision or no effective provision is made by this Act or in respect of which the provisions of this Act require to be supplemented or modified to meet special or unforeseen circumstances, may be provided for by Order of the Minister published in the *Gazette*; and every such Order shall, upon such publication, be as valid and effectual as if it were herein enacted.

This Act to prevail over other written law.

6. In the event of any conflict or inconsistency between the provisions of this Act and any other written law, such provisions shall, to the extent of such conflict or inconsistency, prevail over such other written law.

Interpretation.

7. In this Act, unless the context otherwise requires—

“ authorized distributor ” means a person authorized to be an authorized distributor under any regulations made under the Food Control Act;

“ Co-operative Society ” means a Co-operative Society registered under the Co-operative Societies Ordinance;

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- “ Food Controller ” includes a Deputy Food Controller and any Assistant Food Controller;
- “ members of the family ”, in relation to any person, means his spouse, his children who are minors, and his other children, being adults, who have signified their written consent in the bond referred to in section 2 (1) to surrender rice ration books, and the expression “ minor members of the family ” and “ adult members of the family ” shall be construed accordingly;
- “ relevant written law ”, in relation to a Co-operative Society, means the Co-operative Societies Ordinance, any rules made thereunder, and the by-laws of that Society.