



**CO-OPERATIVE SOCIETIES
(SPECIAL PROVISIONS) LAW,**

No. 12 OF 1978

OF

THE NATIONAL STATE ASSEMBLY

[Certified on 9th May, 1978]

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*Co-operative Societies (Special Provisions)
Law, No. 12 of 1978*

[Certified on 9th May, 1978]

L. D.—O. 25/77.

A LAW TO MAKE SPECIAL PROVISIONS TO ENABLE THE MINISTER, FOR THE PURPOSE OF RE-ORGANIZING THE CO-OPERATIVE MOVEMENT, TO DISSOLVE AND RECONSTITUTE THE COMMITTEES OF REGISTERED CO-OPERATIVE SOCIETIES, AND TO MAKE ALTERNATE ARRANGEMENTS TO MANAGE THE AFFAIRS OF SUCH SOCIETIES; TO VALIDATE CERTAIN NOMINATIONS MADE TO COMMITTEES; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the National State Assembly of the Republic of Sri Lanka as follows :—

1. This Law may be cited as the Co-operative Societies (Special Provisions) Law, No. 12 of 1978, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

Short
title and
date of
operation.

2. (1) Notwithstanding anything to the contrary in the Co-operative Societies Law, No. 5 of 1972, the rules made thereunder, the by-laws of any registered society or any other written law, the committee of a registered society situated within any administrative district shall stand dissolved with effect from such date as the Minister may appoint, in relation to that society, by Order published in the *Gazette*.

Dissolution
of
committees by
the Minister.

(2) For the purpose of subsection (1), a registered society shall be deemed to be situated within an administrative district, if the address of such society registered under section 18 of the Co-operative Societies Law, No. 5 of 1972, is within that administrative district.

(3) Where any Order is made under subsection (1) the Minister shall, by the same Order, appoint in respect of every registered society the committee of which stands dissolved under the provisions of that subsection, a person or persons to manage and administer the affairs of such registered society, for such period as the Minister shall specify in

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such Order, and may, by a like Order extend from time to time the period for which such person has or persons have been appointed under this subsection :

Provided that, notwithstanding such Order, the period so specified shall be deemed to be terminated on the date on which this Law ceases to be in operation.

(4) The Minister may from time to time by a like Order, remove or replace any person appointed under subsection (3) or appoint additional persons to manage and administer the affairs of a registered society during the period specified in that subsection.

(5) Subject to the general direction and control of the Registrar the person or persons appointed under this section to manage and administer the affairs of a registered society—

(a) shall have the power to recover the assets and discharge the liabilities of the society, and take such other steps as may be necessary in the interests of such society ; and

(b) may exercise all the powers, rights and privileges of the general body and the duly constituted committee of such society.

(6) Where the Minister appoints more than one person to manage and administer the affairs of a registered society, such persons shall be jointly and severally liable for any loss incurred by such society through any acts committed by one or more of such persons as are contrary to law :

Provided that no such person shall be liable for such loss if it is proved that he was ignorant of such act or had taken reasonable steps to prevent the commission of such act.

(7) Where the Minister appoints more than one person to manage and administer the affairs of a registered society, in the event of any disagreement amongst such persons in regard to any matter affecting the management or administration of the affairs of such society, the decision of the majority of such persons shall be binding in regard to that matter.

(8) The persons appointed under this section to manage and administer the affairs of a registered society, may at the discretion of the Minister, be paid such allowances as may be determined by the Minister in consultation with the Registrar, and such allowances shall be payable from the funds of such society.

(9) Every Order made under this section shall be final and conclusive and shall not be called in question in any court or tribunal.

3. Where the committee of a registered society has been dissolved in accordance with the provisions of section 2 it shall be the duty of the Registrar to take such steps as are necessary, for the constitution of a committee for such society in accordance with the by-laws of such society, before the expiration of the period or further period, as the case may be, specified under subsection (3) of section 2, and the committee so constituted shall, upon the expiration of such period, manage and administer the affairs of such society in accordance with the Co-operative Societies Law, No. 5 of 1972, the rules made thereunder and the by-laws of such society.

Duty of
Registrar.

4. Where an Order is made under subsection (1) of section 2, the persons who were members of the committee of any registered society dissolved in consequence of such Order shall, notwithstanding any steps taken or proposed to be taken by such members before any court with a view to questioning such Order, forthwith deliver all books, documents and all movable and immovable property of the society to the person or persons appointed by the Minister under subsection (3) of section 2. Every person who fails to do so, shall be guilty of an offence and shall, upon conviction by a Magistrate, be liable to a fine of not less than five hundred rupees.

Duties of
former
members of
committees.

5. (1) Notwithstanding anything to the contrary in any other written law, the committees of registered societies constituted in accordance with the provisions of regulations made under section 5 of the Public Security Ordinance, shall for all purposes and in all respects, be deemed, after the expiry

Validation of
nominations
to
committees.

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of such regulations, to have been and to be valid and effectual as though duly constituted in accordance with the by-laws of such societies and shall further be deemed to continue to be so valid and effectual until such committees are dissolved in accordance with the provisions of subsection (1) of section 2.

(2) Any nomination, appointment, purported nomination or purported appointment made to any committee referred to in subsection (1) by the Commissioner or the Registrar on or after February 17, 1977, shall for all purposes and in every respect, be deemed to have been and to be a valid appointment to such committee.

Repudiation
of liability
by Minister.

6. (1) The Minister may, at any time, by order, repudiate any liability of any committee referred to in section 5, on behalf of such society, if he is of the opinion that such liability was incurred *mala fide*, dishonestly or fraudulently. Written notice of the repudiation shall be given to the parties affected by such repudiation.

(2) Where the Minister repudiates any liability under subsection (1) such liability shall be deemed never to have been incurred by such society.

Immunity of
Minister,
Registrar or
Commissioner
from civil
or criminal
suit.

7. No civil or criminal proceeding shall be instituted or maintained against the Minister, the Registrar or the Commissioner, in respect of any act done or omission made in good faith under this Law.

This Law
to prevail
over other
laws.

8. The provisions of this Law shall have effect notwithstanding anything to the contrary in any other written law, and accordingly, in the event of any conflict or inconsistency between the provisions of this Law and such other law, the provisions of this Law shall prevail.

Duration
of this
Law.

9. The provisions of this Law shall cease to be in operation on the expiration of a period of eighteen months after the date of the commencement of this Law.

10. In this Law, unless the context otherwise requires— **Interpretation.**

“ Commissioner ” shall have the same meaning as in the Co-operative Societies Law, No. 5 of 1972 ;

“ committee ” shall have the same meaning as in the Co-operative Societies Law, No. 5 of 1972 ;

“ registered society ” shall mean every society registered or deemed to be registered under the Co-operative Societies Law, No. 5 of 1972 ; and

“ Registrar ” shall have the same meaning as in the Co-operative Societies Law, No. 5 of 1972.

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