CHAPTER VII
Properties and Funds of Co-operative Societies

55. Funds not to be divided.- No part of the funds other than the net profits of a society shall be paid by way of bonus or dividend or otherwise distributed among its members:

Provided that a member may be paid such remuneration, allowances or honoraria and on such scale as may be laid down by the bye-laws for any services rendered by him to the society.

56. Disposal of net profit.—(1) A society shall, out of its net profits in any year,—

(a) transfer an amount not being less than fifteen per cent of the net profits to the reserve fund; and

(b) credit such portion of the net profits, not exceeding five per cent, as may be prescribed, to the Co-operative Education Fund referred to in clause (xix) of sub-section (2) of section 109.

45f[45a[45© Ten percent of the net profit to the Co-operative Member Relief Fund as may be prescribed.]]

(2) The balance of the net profits may be utilized for all or any of the following purposes, namely:-

(a) payment of dividends to members on their paid up share capital at such rate not exceeding 45g[45b[twenty five]] per cent as may be prescribed;
(b) payment of bonus to members on the amount or volume of business done by them with the society, to the extent and in the manner specified in the bye-laws;

45c[© seven percent of net profit to Agricultural Credit Stabilization Fund;

(cc) five percentage of net profit to the Professional Education Fund maintained by the Registrar.]

(d) donations of amounts not exceeding ten percent of the net profits for any charitable purpose as defined in section (2) of the Charitable Endowments Act, 1890(Central Act 6 of 1890); and

45d[(e) balance of net profit may be utilized for any or all of the purposes specified in the bye-laws of the societies except for payment of bonus to employees].

45c[(3) Notwithstanding anything contained in section 18 of the Act, in the case of District Co-operative Banks the term ‘member’ shall include nominal and associate members, for the purpose of clause (a) of sub-section (2)].

46[56A. Disposal of non-banking assets.-] The immovable property acquired by a society through a sale by the sale officer or through any legal proceedings for realization of loan amount shall be disposed of by the society within seven years from the acquisition] with prior sanction of the General body and the Registrar.