

## 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.

<sup>45f</sup>[<sup>45a</sup>[<sup>45</sup>[© 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 <sup>45g</sup>[<sup>45b</sup>[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;

<sup>45c</sup>[(c) 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

<sup>45d</sup>[(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].

<sup>45e</sup>[(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)].

**<sup>46</sup>[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.

45 inserted by [Act 8/2013](#)

45a Omitted by [Act 7/2010](#)

45b, 45c, 45d substituted by [Act 7/2010](#)

45e inserted by [Act 7/2010](#)

45f inserted by [Act 15/1997](#)

45g substituted by [Act 16/1993](#)

46 inserted by [Act 22/2013](#)