



THE COOPERATIVE SOCIETIES (REPAYMENT OF LOANS) ORDINANCE, 1960



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THE PAKISTAN CODE

THE COOPERATIVE SOCIETIES (REPAYMENT OF LOANS) ORDINANCE, 1960

ORDINANCE NO. XXXIV OF 1960

[15th August, 1960]

An Ordinance to provide for the repayment of certain unsecured loans or loans insufficiently secured.

WHEREAS it is expedient to provide for the repayment of such loans taken from Cooperative Banks and other Cooperative Societies as have not been secured or are insufficiently secured ;

Now, THEREFORE, in pursuance of the Proclamation of the seventh day of October 1958, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance :—

1. Short title, extent and commencement.—(1) This Ordinance may be called the Cooperative Societies (Repayment of Loans) Ordinance, 1960.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. Definitions.—In this Ordinance, unless there is anything repugnant in the subject or context—

- (a) “Cooperative Bank” means a Cooperative Society established for carrying on banking business and having as its principal object the financing of other Cooperative Societies, and includes cooperative societies known as Banking Unions and Zamindari Banks ;
- (b) “Cooperative Society” means a society which, having as its object the promotion of the common interests of its members in accordance with cooperative principles or having been established with the object of facilitating the operation of such a society, is registered under the Cooperative Societies Act, 1912 (II of 1912), or under any other law for the time being in force relating to the registration of cooperative societies ;
- (c) “loan” means loan, whether of money or in kind, which has not been secured or is insufficiently secured and taken—
 - (i) from a cooperative society, not being a Cooperative Bank, by any person other than a member of such society, or
 - (ii) from a Cooperative Bank by any person, including any member thereof, but not a cooperative society, and includes any transaction which, in the opinion of the Registrar, is in substance a loan as aforesaid ;

Explanation.—A loan is “insufficiently secured” if it is not secured by mortgage, pledge, hypothecation or assignment of such property of the borrower or of his surety or of both as, in the case of a loan not exceeding thirty thousand rupees, the cooperative society concerned, and, in the case of a loan exceeding thirty thousand rupees, the Registrar, may think adequate.

¹[(d) “Registrar” means, —

- (i) in relation to a cooperative society in the Islamabad Capital Territory, the Registrar of Cooperative “Societies appointed by the Federal Government for that territory; and
- (ii) in relation to a co-operative Society in a Province, the Registrar of Cooperative Societies of the Province.]

3. Repayment of Loans, etc.—Notwithstanding anything contained in any other law for the time being in force, or in any agreement or other instrument, every loan repayable on any day earlier than one year preceding the commencement of this Ordinance and every loan any instalment whereof was payable as aforesaid and has not been so paid, shall unless repaid earlier, be repaid and secured in the following manner, that is to say—

- (a) not less than twenty per cent. of the loan repayable as aforesaid shall be paid within six months from the commencement of this Ordinance ; and
- (b) the balance of the loan after payment as aforesaid shall, within two months from the expiry of the period mentioned in clause (a), be secured by mortgage, pledge, hypothecation or assignment of such property of the borrower or of his surety or of both as, in the case of a loan not exceeding thirty thousand rupees, the cooperative society concerned, and, in the case of a loan exceeding thirty thousand rupees, the Registrar, may think adequate, and shall be repaid in such instalments within a period not exceeding two years from the commencement of this Ordinance as the cooperative society or the Registrar, as the case may be, directs :

Provided that the Registrar may, if he considers necessary, in cases in which not less than fifty per cent. of the loan has been repaid within the aforesaid period of two years, extend the period by a further period, and such further period shall not exceed six months.

4. Determination of liability to repay, etc.—(1) Every cooperative society shall, within thirty days of the commencement of this Ordinance, or within such further period as the Registrar may, in special circumstances, allow, furnish to the Registrar full information in respect of all cases of loans required to be repaid or secured under section 3.

(2) On receipt of information under sub-section (1) in respect of any loan, the Registrar shall cause notice to be issued to the borrower requiring him to repay and secure the loan in accordance with the provisions of section 3.

¹Subs. by the Federal Laws (Revision and Declaration) Ordinance, 1981 (Ordinance No. XXVII of 1981), s.5. and Sch. IV. (Amended to the extent of Islamabad Capital Territory).

(3) Where any borrower to whom notice under sub-section (2) is issued does not admit the loan, or any liability arising therefrom, he shall, within thirty days of the receipt of notice, or within such further period as the Registrar may, in special circumstances, allow, submit, either personally or by registered post (acknowledgement due), a written statement to that effect to the Registrar, who thereupon shall cause notice to be issued to the cooperative society concerned, and shall, after making such inquiry as he considers necessary, and giving the parties reasonable opportunity of being heard, decide the matter.

(4) The decision of the Registrar under sub-section (3) shall be final, and shall not be called in question in any court.

5. Power of Registrar when making inquiry.—The Registrar shall, for the purpose of making any inquiry under this Ordinance, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (Act V of 1908), when trying a suit, in respect of the following matters, namely :—

- (a) summoning and enforcing the attendance of any person and examining him on oath ;
- (b) requiring the discovery or production of any document ;
- (c) requisitioning any public record from any court or office ;
- (d) issuing commissions for the examination of witnesses ;
- (e) appointing guardians or next friends of persons who are minors or of unsound mind ;
- (f) adding legal representatives of deceased borrowers or sureties ;
- (g) substituting the names of rightful parties ;
- (h) consolidation of cases ; and
- (i) any other matter which may be prescribed by rules made under section 6.

6. Power to make Rules.—The ¹[Provincial Government] may, by notification in the official Gazette, make rules to carry out the purposes of this Ordinance.

7. Penalty.—Whoever contravenes any of the provisions of this Ordinance or the rules made thereunder shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

8. Procedure.—No court shall take cognizance of any case under this Ordinance except on a complaint in writing made by the Registrar.

RGN Date: 03-07-2024

¹Subs. by A. O., 1964, Art. 2 and Sch.