



THE ESTABLISHMENT OF THE FEDERAL BANK FOR COOPERATIVES AND REGULATION OF COOPERATIVE BANKING ACT, 1977



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**THE ESTABLISHMENT OF THE FEDERAL BANK FOR COOPERATIVES AND
REGULATION OF COOPERATIVE BANKING ACT, 1977,**

¹ACT NO. IX OF 1977

[9th January, 1977]

**An Act to provide for the establishment of a Federal Bank for Cooperatives and regulation of
Cooperative Banking.**

Whereas it is expedient to provide for the establishment of a Federal Bank for Cooperatives and Regulation of Cooperative Banking, and for matters ancillary thereto;

AND WHEREAS the Provincial Assemblies of the Northwest Frontier Province, the Punjab and Sindh and Parliament, exercising the powers of the Provincial Assembly of Baluchistan under, Article 234 of the Constitution of the Islamic Republic of Pakistan, have passed resolutions under Article 144 of the Constitution to the effect that Parliament may by law regulate the matter of cooperative banking ;

It is hereby enacted as follows :—

***1. Short title, extent and commencement.**—(1) This Act may be called the Establishment of the Federal Bank for Cooperatives and Regulation of Cooperative Banking Act, 1977.

(2) It extends to the whole of Pakistan and also applies to the business of the Bank transacted outside Pakistan and to persons conducting such business.

(3) It shall come into force at once and shall be deemed to have taken effect on the 9th day of October, 1976.

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

- (a) "approved securities" means securities in which a trustee may invest money under clause (a), clause (b), clause (bb), clause (c) or clause (d) of section 20 of the Trusts Act, 1882 II of 1882), and such other securities as the Federal Government. may, by notification in the, official Gazette, declare to be approved securities for purposes of this Act;
- (b) "Bank" means the Federal Bank for Cooperatives established under section 5;
- (c) "Board" means the Board of Directors constituted under section 9;
- (d) "Chairman" means the Chairman of the Board;
- (e) "cooperative bank" means a 'banking society as defined in the Explanation to sub-section (2) of section 7 of the Cooperative Societies Act, 1925 (VII of 1925) other than a Provincial Cooperative Bank.

¹For Statement of objects and Reasons, see Gaz.of P, 1976, Ext pt. P- III 1527.

This Act has been amended in its application to the extent of Islamabad. Capital Territory. See Ordinance No. XXVII of 1981, s. 5 and 4th Sch.

*under section 41 of the Federal Bank of Cooperative & Regulation of Cooperative Banking Act 1977 (IX of 1977) has been liquidated vide SRO 717 (I)/2002 dt, 16-10-02.

- (f) "cooperative society" means a society registered in Pakistan under any law for the time being in force relating to registration of cooperative societies and a "primary cooperative society" means such a society of which no other society is a member;
- (g) "borrower" means a person who has obtained a loan from the Bank or a Provincial Cooperative Bank and includes a surety or an indemnifier, but does not include the Federal Government or a Provincial Government;
- (h) "demand liabilities" means liabilities which are to be met on demand and "time liabilities" means liabilities which are not demand liabilities;
- (i) "Director" means a Director for the time being of the Board;
- (j) "District judge" includes, in respect of areas where a District Judge does not have unlimited pecuniary jurisdiction in original civil suits, a High Court exercising original civil jurisdiction;
- (k) "family members" in relation to a person means his spouse, dependent lineal ascendants and descendants and dependent brothers and sisters;
- ¹[(l) 'loans advances and credit' includes finance as defined in the Banking Tribunals Ordinance, 1984, and all cognate expressions shall be construed accordingly;]
- (m) "Managing Director" means Managing Director of the Bank and includes any person for the time being discharging the functions of the Managing Director;
- (n) "multi-unit cooperative society" means a cooperative society to which the Multi-Unit Cooperative Societies Act, 1942 (VI of 1942) applies and which—
- (i) is not a banking society as defined in the Explanation to sub-section (2) of section 7 of the Cooperative Societies Act, 1925 (VII of 1925); and
- (ii) does not use as a-, part of its name the word "Bank" or "Banking" or any of its derivatives ;
- (o) "prescribed" means prescribed by rules;
- (p) "Provincial Cooperative Bank" means a cooperative society the primary object of which is to make loans to the cooperative societies which are its members and which is notified, for the purposes of this Act, to the Bank by the Provincial Government of the Province within which the cooperative society is registered or, until a cooperative society is so notified, any one of the following, namely:—
- (i) the Baluchistan Provincial Cooperative Bank Ltd;
- (ii) the Frontier Provincial Cooperative Bank Ltd;
- (iii) the Punjab Provincial Cooperative Bank Ltd; and

¹Subs. by the Banking and Financial Services (Amendment of Laws) Ordinance, 1984 (57 of 1984), s. 2 and Sch.,

(iv) the Sind Provincial Cooperative Bank Ltd;

(q) "regulation" means a regulation made under this Act;

(r) "rule" means a rule made under this Act;

(s) "scheduled bank" has the same meaning as in the State Bank of Pakistan Act, 1956 (XXXIII OF 1956);

(t) "State Bank" means the State Bank of Pakistan established under the State Bank of Pakistan Act, 1956.

3. Act of override other laws.—(1) Except as provided in sub-section (2), this Act. shall have effect notwithstanding anything contained in the Banks (Nationalization) Act, 1974 (XIX of 1974), or any other law, excepting the State Bank of Pakistan Act, 1956 (XXXIII of 1956), and the Banking Companies Ordinance, 1962 (LVII of 1962), as amended by this Act, for the time being in force or any instrument having effect by virtue of any law or any agreement, contract, award or memorandum or articles of association or other instrument.

(2) Nothing in—

(a) section 36 of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), shall apply to the Chairman or a Director, other than the Managing Director;

(b) clause (iv) of sub-section (1) of section 14 of the Banking Companies Ordinance, 1962 (LVII of 1962), shall apply to shares of the Bank held by the State Bank;

(c) section 27, section 28, clause (b) of sub-section (6) of section 40, clause (c) of sub-section (1) of section 42, Parts III and IV, or section 89 of the Banking Companies Ordinance, 1962 (LVII of 1962), shall apply to the Bank;

(d) clause (c) of sub-section (1), or sub-sections (2), (3), (4) and (5) of section 11, sub-section (3) of section 14, sections 15, 15-A, 15-B, 15-C, or 20 sub-section (3) or (6) Of section 25, sub-section (4) or (5) or section 40, or section 41-A, 41-B, 41-C, or '83 of the Banking Companies Ordinance, 1962 (LVII of 1962), shall apply to the Chairman or a Director other than the Managing ' Director.

4. Power to exempt, and suspend operation of Act, in certain cases. The Federal Government may, by notification in the official Gazette, and subject to such conditions as may be specified in the notification, exempt the Bank from, or suspend the application to the Bank of, all or any of the provisions of this Act, either generally or for such period as may be so specified.

5. Establishment of the Bank.—(1) As soon as may be after the coming into force of this Act, the Federal Government shall take steps to establish, in accordance with the provisions of this Act, a bank to be called "The Federal Bank for Cooperatives" to carry out the purposes of this Act.