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(Translation)

**THE COOPERATIVES ACT B.E. 2542**

COOPERATIVE PROMOTION DEPARTMENT  
MINISTRY OF AGRICULTURE AND COOPERATIVES

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(Translation)

THE COOPERATIVES ACT B.E. 2542

BHUMIBOL ADULYADEJ REX.

Given on the 12<sup>th</sup> day of April, B.E. 2542;

Being the 54<sup>th</sup> year of the Present Reign.

His Majesty King Bhumibol Adulyadej has been graciously pleased to proclaim that:

Whereas it is expedient to revise the law on Cooperatives;

Whereas this Cooperatives Act contains some provisions related to the restriction of the rights and freedom of persons, of which section 29 together with section 35 and section 45 of the Constitution of the Kingdom of Thailand have provided that it shall be done only by the provisions of the law;

Be it, therefore, enacted by the King, by and with the advice and consent of the Parliament as follows:

Section 1. This Act is called "The Cooperatives Act B.E. 2542."

Section 2. This Act shall come into force as from the day immediately following the date of its publication in the Government Gazette.

Section 3. The following shall be repealed:

- (1) the Cooperatives Act B.E. 2511;
- (2) the 140<sup>th</sup> Decree of the Revolutionary Council dated May 1<sup>st</sup> B.E. 2515;
- (3) the 247<sup>th</sup> Decree of the Revolutionary Council dated November 9<sup>th</sup> B.E. 2515;

(4) the Cooperatives Act (No.2) B.E. 2524.

Section 4. In this Act,

“Cooperative” means a group of persons who jointly conduct affairs for socio-economic interests on the basis of self-help and mutual assistance, and are registered under this Act;

“Member” means a member of a cooperative or of a farmers group;

“Competent official” means a person appointed by the Minister to carry out this Act;

“Minister” means the Minister of State who has charge and control of the execution of this Act.

Section 5. The Minister of Agriculture and Cooperatives shall have charge and control of the execution of this Act, and shall have the power to appoint competent officials and issue ministerial regulations for the purpose of carrying out this Act.

Such ministerial regulations shall come into force upon their publication in the Government Gazette.

## Part I

### General Provisions

Section 6. In case of a cooperative involving in any transaction which the law requires the acquisition, disposal, defence or retention of ownership of an immovable property or real right relating to an immovable property to be registered, such registration shall be exempted from the payment of fees.

Section 7. No person other than cooperatives and the Cooperative League of Thailand shall use the word “cooperative” as the name, or a part thereof, of his business.

Section 8. The Central Fund of unlimited-liability cooperatives under section 61 (2) of the Cooperative Act B.E. 2511 shall be deposited by the Ministry of Agriculture and Cooperatives with the Government Savings Bank, the Krung Thai Bank (public company limited) or the Bank for Agriculture and Agricultural Cooperatives, or with any other financial institution with the approval of the Board of National Cooperative Development, or shall be invested in accordance with the regulations prescribed by the Ministry of Agriculture and Cooperatives.

The Ministry of Agriculture and Cooperatives is empowered to pay outright the interest of the Central Fund to the Cooperative League of Thailand for its operations as prescribed in section 110.

## Part II

### Supervision and Promotion of Cooperatives

#### Chapter 1

#### Board of National Cooperative Development

Section 9. There shall be the Board of National Cooperative Development consisting of the Minister as its chairman, Permanent Secretary of the Ministry of Agriculture and Cooperatives as deputy chairman, and Secretary-General of Office of Agricultural Economics, Director-General of Department of Internal Trade, Director-General of Cooperative Auditing Department, Director-General of Department of Agricultural Extension, Director-General of Department of Fisheries, Director-General of Department of Livestock Development, Director-General of Industrial Promotion Department, delegate of Ministry of Education, delegate of Ministry of Finance, delegate of Bureau of the Budget, delegate of Office of National Economic and Social Development Board, delegate of Bank for Agriculture and Agricultural Cooperatives, delegate of Cooperative League of Thailand, Chairman of National Cooperative Federation of each type of cooperatives and Chairman of Central Committee of National Farmers Groups, as ex-officio members of the Board, and not more than five qualified persons appointed by the Minister as members of the Board as well.

The Director-General of the Cooperative Promotion Department shall be a member and secretary of the Board of National Cooperative Development and the Director of the Cooperative League of Thailand shall be the assistant secretary of the Board.

The qualified persons under paragraph one shall be selected from

the well-known experts in cooperative administration by the ex-officio members of the National Cooperative Development Board.

Section 10. The Board of National Cooperative Development shall have the powers and duties as follows:

(1) to propose to the Council of Ministers the Board's ideas concerning policies and guidelines for the development of cooperatives in accordance with the socio-economic conditions of the Kingdom;

(2) to prescribe policies and plans for cooperative development in concurrent with the span of the national economic and social development plans;

(3) to prescribe guidelines for promoting and supporting the expansion of cooperative businesses and affairs, including cooperation with the private sector to participate in the development of cooperatives;

(4) to prescribe guidelines for coordination among the government agencies, public enterprises or private sector for the promotion and support of affairs of cooperatives;

(5) to solve problems, obstacles and restraints which impede the successful implementation of policies and plans for the development of cooperatives;

(6) to deliberate any matter concerning cooperatives as assigned by the Council of Ministers;

(7) to perform duties and powers as prescribed in this Act.

Section 11. A member of the Board of National Cooperative Development who is appointed by the Minister shall be in office for a term of two years at a time.

In case of a Board member being appointed in addition to, or in place of, other Board member; he shall be in office only for a period of time still existing for a term of the other Board members.

Section 12. In addition to the termination of office under section 11, a qualified Board member shall vacate the office in the case of:

- (1) death;
- (2) resignation;
- (3) being removed by the Minister;
- (4) becoming a bankrupt;
- (5) becoming an incompetent or quasi-incompetent person;
- (6) serving a penalty of imprisonment by the final judgement of a lawcourt except for that of an act of carelessness or a light offence.

Section 13. In the meeting of the Board of National Cooperative Development, the presence of not less than one-half of the total number of Board members shall constitute a forum.

In any meeting, if the chairman of the Board is not present or cannot perform his function, the deputy chairman shall preside over the meeting. In case of an absence of the chairman and the deputy chairman, or their inability to perform the function, all Board members present in the meeting shall elect one Board member to preside over the meeting.

The decision of the meeting shall be made by a majority of votes. Each Board member shall have one vote. In case of equality of votes, the chairman of the meeting shall have one additional vote as a casting vote.

In case of the chairman making a casting vote, the reasons of both in favour and in disfavour of the motion shall be recorded.

Section 14. The Board of National Cooperative Development may appoint any sub-committee to perform any function assigned by the Board.

The provision of section 13 shall, mutatis mutandis, apply to the meeting of a sub-committee under paragraph one.

## Chapter 2

### Registrar of Cooperatives

Section 15. The Director – General of the Cooperative Promotion Department shall concurrently be the Registrar of Cooperatives

The Registrar of Cooperatives shall appoint a government official of the Cooperative Promotion Department\*, of a position not lower than that of the division director or its equivalent, to be a Deputy Registrar of Cooperatives with the power and duties provided in this Act or entrusted by the Registrar of Cooperatives.

The appointment under paragraph two shall be published in the Government Gazette.

Section 16. The Registrar of Cooperatives shall have powers and duties as follows:

- (1) to register, to promote, to assist, to advise and supervise a cooperative in accordance with the provisions of this Act and other Acts;
- (2) to prescribe the system of accounting, the standard of audit, books and forms which the cooperatives have to submit to the Registrar, including other forms relevant to the operation of the cooperatives in accordance with this Act;
- (3) to appoint an auditor, a cooperative inspector and a liquidator;
- (4) to order a cooperative to be inspected or investigated on matters relating to the formation, operations or the financial conditions of the cooperative;

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\* Amended by the Royal Decree on the Amendment of Legal Provisions to be in Accordance with the Act on the Revision of Government Organisations of B.E. 2545, B.E. 2545.

(5) to suspend all or certain acts of a cooperative, or to order the dissolution of a cooperative being considered that its action or non-action may cause any damage to itself or its members;

(6) to delete a name of a dissolved cooperative from the register;

(7) to make an annual progress report on each type of cooperatives for submission to the Board of National Cooperative Development;

(8) to make regulations or orders to facilitate the enforcement of this Act, and to benefit the operation of a cooperative;

(9) to do any other act which is prescribed by this Act to be the powers and duties of the Registrar of Cooperatives, or which is entrusted by the Minister.

All the powers of the Registrar of Cooperatives in making orders, permissions, approvals or any other actions in accordance with this Act may be entrusted by him to a Deputy Registrar, a cooperative inspector or a competent official specified by him, to act on his behalf.

The assignment of powers under paragraph two shall be published in the Government Gazette.

### Chapter 3

#### Supervision of Cooperatives

Section 17. The Registrar of Cooperatives, Deputy Registrar of Cooperatives, cooperative inspectors, auditors or competent officials entrusted by the Registrar of Cooperatives have the power to issue a written order instructing a board of directors, supervisors, manager and/or personnel of a cooperative, or inviting any member of a cooperative, to explain to the said authorities the facts concerning any activity of the cooperative, or to send any document concerning operations or minutes of the meetings of the cooperative.

Section 18. For the purpose of carrying out this Act, the Registrar of Cooperatives, Deputy Registrar of Cooperatives, cooperative inspectors, auditors or competent officials entrusted by the Registrar of Cooperatives shall have the power to enter and inspect the office of any cooperative during its working hours; and the persons concerned shall provide facilities or assistance or explanation to such persons as may be considered appropriate.

The person acting under paragraph one shall produce his identity card to the persons concerned.

The identity card under paragraph two shall be in the form prescribed by the Minister.

Section 19. The cooperative inspector shall have the power to examine the activities and financial conditions of any cooperative as may be prescribed by the Registrar of Cooperatives, and shall, after the examination, make a report thereon and submit to the Registrar of Cooperatives.

Section 20. If the general meeting or the meeting of the board of directors of a cooperative passes any resolution in violation of the laws, by-laws or regulations of the cooperative, the regulations or orders of the Registrar of Cooperatives, the Registrar of Cooperatives or the Deputy Registrar shall have the power to suspend or to revoke such the resolution.

Section 21. In the case where a member of the board of directors, manager or personnel of a cooperative causes damage to the cooperative and if it does not file a complaint or lawsuit against him; the Registrar or Deputy Registrar of Cooperatives shall file the complaint or lawsuit on behalf of the cooperative, and the public prosecutor shall act as an attorney therefor. The cooperative shall reimburse the Registrar or Deputy Registrar of Cooperatives or the public prosecutor, as the case may be, in respect of the filing of complaint or lawsuit or acting as an attorney.

Section 22. In the case where the board of directors of a cooperative acts or abstains from acting to perform its duties to the extent that it is detrimental to the interest of the cooperative or its members; or a cooperative has had any defect on finance, accounting, performance or financial conditions according to the audit report or report on inspection, the Registrar of Cooperatives shall have the power to issue a written order with which the cooperative must comply, as follows;

(1) the board of directors of the cooperative has to rectify the defects in accordance with the methods and time frame as prescribed by the Registrar;

(2) the board of directors of the cooperative has to suspend certain acts which cause the defects or are detrimental to the interest of the cooperative or its members;

(3) the board of directors of the cooperative has to stop functioning, temporarily, in order to fulfil the rectification in accordance with the methods and time frame as prescribed by the Registrar;

(4) the board of directors of the cooperative or any member of the board who is involved in such defects shall be dismissed, wholly or individually, as the case may be.

Section 23. Any cooperative which is registered for not more than three years or has made losses in its operations for more than two consecutive years, if the cooperative makes a request, or the Registrar of Cooperatives or the National Cooperative Development Board is of the opinion that the cooperative needs rectification, the Registrar may order any cooperative inspector or competent official entrusted by him to assist, its operations, wholly or partially.

The assistance given to the cooperative shall be carried on in accordance with the regulations prescribed by the Registrar with the

approval of the National Cooperative Development Board.

Section 24. In the case where the Registrar of Cooperatives dismisses the board of directors of a cooperative, he shall appoint an interim committee having the same power, duties and rights as the board of directors, which shall hold office not exceeding one hundred and eighty days from the date of appointment.

Before vacating office, the interim committee shall call a general meeting for the election of all members of the new board of directors in accordance with the procedures prescribed in the by-laws of the cooperative.

Section 25. In the case where the Registrar of Cooperatives dismisses certain members of the board of directors, the remaining members of the board shall call a general meeting within thirty days from the date of the dismissal of the board members in order to elect new board members to replace the dismissed ones. If there is no election or no new board members being elected within the prescribed time, the Registrar of Cooperatives shall appoint the new board members from members of the cooperative to replace the dismissed board members. In this connection, the new board members shall hold office for the remaining time of the term of office of the dismissed board members they replace.

Section 26. Any interested person affected by any order made under section 20, section 22, section 24 and section 25 shall have the right to appeal to the National Cooperative Development Board within thirty days after the date he acknowledges the order.

The decision of the National Cooperative Development Board shall be final.



## Chapter 4

### Cooperative Development Fund

Section 27. The Cooperative Development Fund abbreviated "CDF" shall be set up in the Ministry of Agriculture and Cooperatives for the purpose of promoting the affairs of cooperatives. It shall consist of money and properties as prescribed in section 28.

Section 28. CDF comprises:

- (1) subsidies from the national budget;
- (2) donations of money or properties;
- (3) money and properties becoming the ownership of CDF;
- (4) proceeds from sale of properties acquired under (2) and (3);
- (5) interest, income or any other benefit belonging to CDF.

Money and properties of CDF under paragraph one shall be credited to the account of CDF without necessity to surrender to the Treasury as the state revenue.

Section 29. The receipt, disbursement and custody of money, the acquisition of interest from, the management and disposal of, the properties of CDF shall be carried out in accordance with the regulations prescribed by the Minister with the approval of the National Cooperative Development Board.

Section 30. There shall be the Executive Board of CDF comprising the Permanent Secretary of the Ministry of Agriculture and Cooperatives as its chairman, the Director-General of Cooperative Promotion Department, Director-General of Cooperative Auditing Department, Director-General of Department of Agricultural Extension, Director-General of Department of Fisheries, Director-General of Department of Livestock Development,

delegate of Comptroller General's Department and delegate of Bureau of the Budget, as the ex-officio Executive Board members, and other Executive Board members who are appointed by the Minister from one delegate of each type of cooperatives and one delegate of the registered farmers groups, as members of the Executive Board of CDF.

The Deputy Director-General of Cooperative Promotion Department, who is entrusted by the Director-General of Cooperative Promotion Department, shall be the member and secretary of the Executive Board of CDF.

The selection of delegates of cooperatives for appointment under paragraph one shall be in accordance with the criteria prescribed by the National Cooperative Development Board.

The Executive Board of CDF shall have the power and duties to administer CDF as well as to examine, to monitor and appraise performances of the cooperative which has benefited from the promotional activities of CDF, in accordance with the criteria prescribed in the regulations of the Ministry of Agriculture and Cooperatives.

Section 31. The provisions of section 11 and Section 12 shall, mutatis mutandis, apply to the holding of office of a member of the Executive Board of CDF whom the Minister appoints from delegates of a cooperative.

Section 32. The provision of section 13 shall, mutatis mutandis apply to the meeting of the Executive Board of CDF.

## Part III Cooperatives

### Chapter 1

#### Formation and Registration of Cooperatives

Section 33. A cooperative shall be established by the registration under the provisions of this Act, and must have as its objects the promotion of socio-economic interests of the members by means of self-help and mutual assistance in accordance with the cooperative principles, and must:

- (1) have common business affairs according to the type of cooperatives proposed to be registered;
- (2) have members being natural persons and sui juris;
- (3) have capital which is divided into shares of equal value and each member must hold at least one share but not more than one-fifth of the total paid-up shares;
- (4) have members with qualifications as prescribed in the by-laws under section 43 (7).

The type of cooperatives to be registered shall be prescribed in the ministerial regulation.

Section 34. Persons who wish to be members of a cooperative to be established, shall hold the meeting for the election of a founding committee of not less than ten persons from among themselves for the purpose of carrying out the formation of a cooperative. The founding committee shall undertake the following:

- (1) to select the type of a cooperative to be formed as prescribed in the ministerial regulation, and to prescribe the objects of the proposed cooperative;

(2) to make a work plan relating to business or activities of the proposed cooperative in accordance with the criteria and methods prescribed by the Registrar of Cooperatives;

(3) to make a list of names of the prospective members together with the number of shares which each of them wishes to hold when the cooperative is registered;

(4) to draft by-laws under section 43 and propose to the meeting of prospective members for consideration and adoption as the by-laws of the proposed cooperative.

Section 35. In applying for the registration of a cooperative, the founding committee members of the cooperative shall sign the application for registration, as prescribed by the Registrar of Cooperatives, and file it with him with documents as follows:

- (1) two copies of the minutes of the meeting as mentioned in section 34;
- (2) two sets of the work plan as mentioned in section 34 (2);
- (3) two name lists of the prospective members of the proposed cooperative together with their signatures and the number of shares which each prospective member wishes to hold when the proposed cooperative is registered;
- (4) four sets of by-laws as mentioned in section 34 (4).

Section 36. The Registrar of Cooperatives, Deputy Registrar of Cooperatives or a competent official entrusted by the Registrar of Cooperatives has the power to issue a written order requiring any person concerned to appear for enquiry or to send documents for the purpose of considering the registration of a cooperative.

In considering the particulars of the application for registration or the particulars of the by-laws of the proposed cooperative, if the Registrar

of Cooperatives is of the opinion that the said particulars are not correct or the procedures under section 34 have not been carried out, the Registrar of Cooperatives has the power to order the founding committee to rectify them or to act accordingly.

Section 37. When the Registrar of Cooperative, having considered the application, is of the opinion that a proposed cooperative has the objects in accordance with section 33, the application for registration is complete in accordance with section 35 and the formation of the cooperative to be registered will not be detrimental to the cooperative system, he shall register and give it a certificate of registration.

A registered cooperative shall be a juristic person.

Section 38. In the case where the Registrar of Cooperatives gives an order refusing the registration of a proposed cooperative, the founding committee of the proposed cooperative shall be notified of the order in writing without delay.

The founding committee is entitled to appeal against the order refusing the registration to the Board of National Cooperative Development by filing an appeal with the Registrar of Cooperatives within sixty days from the date of receiving the order.

The decision of the Board of National Cooperative Development shall be final.

Section 39. When the Registrar of Cooperatives has registered a cooperative, the founding committee of the cooperative shall have the same power, duties and rights as its board of directors until the election of the board of directors under section 40.

The persons whose names appear in the name list of the prospective members under section 34 (3) are members of the cooperative from the date of its registration and upon payment of all of their subscribed shares.

In the case of persons applying for membership of a cooperative after its registration, they shall be deemed members upon payment of all of their subscribed shares.

Section 40. The founding committee of a cooperative shall call the first ordinary general meeting within ninety days from the date of registration of the cooperative in order to elect members of the board of directors and hand over all matters to the board.

Section 41. The Registrar of Cooperatives shall make announcement prescribing a type or types of cooperatives which can admit associate members.

The qualifications, procedure for admission and loss of membership including the rights and duties of the associate members shall be prescribed in the by-laws of a cooperative.

A cooperative shall not allow its associate members the rights to have their names counted for a quorum of the general meetings, the voting in any matter or to be elected as a member of the board of directors.

Section 42. In payment of shares, a member shall not set off against the cooperative, and his liability shall be limited to the amount of money remaining unpaid on the shares held by him.

Unless and until the termination of membership of a member, a creditor of the member shall not enforce his claims over the value of share of such member in the cooperative.

## Chapter 2

### By-laws and Amendment of By-laws

Section 43. The by-laws of a cooperative must at least contain the following particulars:

(1) name of cooperative with a word "limited" at the end of its name;

(2) type of cooperative;

(3) objects;

(4) address of central office and branch office;

(5) capital which is divided into shares, value of shares, payment of share value in cash or in kind, sale and transfer of shares as well as repayment of share value;

(6) conditions concerning operation, accounting and finance of cooperative;

(7) qualifications of members, procedure for admission of members, cessation of membership as well as rights and duties of members;

(8) prescriptions for general meetings;

(9) election, term of office, vacation of office and meeting of board of directors;

(10) appointment, term of office, vacation of office, prescription of power, duty and responsibility of manager.

Section 44. An amendment of by-laws shall be made only by resolution of the general meeting, and the amended by-laws must be submitted for registration by the Registrar of Cooperatives within thirty days from the date of resolution of the general meeting. The amended by-laws shall be enforceable after being registered by the Registrar of Cooperatives.

In the case where such amendment is a change of name of a cooperative, the cooperative shall return the certificate of registration; and the Registrar of Cooperatives shall issue to the cooperative a new certificate of registration with the change of its name.

The amendment of by-laws and the change of name of a cooperative shall not affect any right or responsibility of the cooperative.

The provisions of section 36, section 37 and section 38 shall, mutatis mutandis, apply to the amendment of by-laws.

Section 45. In the case where there is a problem of interpretations of the by-laws of a cooperative, the cooperative shall ask for the ruling of the Registrar of Cooperatives and shall accept the ruling and act accordingly.

### Chapter 3

#### Operations of Cooperatives

Section 46. For the purpose of carrying out its objects, a cooperative shall have the power to do the following:

(1) to carry on business, production, commerce, service and industry for the members' benefits;

(2) to provide appropriate welfare or relief to the members and their families;

(3) to give technical assistance to its members;

(4) to apply for or accept technical assistance from the Government, foreign agencies or any other person;

(5) to receive saving or fixed deposits from members or other cooperatives in accordance with the regulations of the cooperative which are approved by the Registrar of Cooperatives;

(6) to grant a loan or credit, to lend, to let, to let on hirepurchase, to transfer or take mortgage or pledge of property of the members;

(7) to acquire, to purchase, to hold ownership or real rights, to possess property, to raise loans, to borrow, to hire or hirepurchase, to

take transfer of a hire or hirepurchase, mortgage or pledge, to sell or dispose of property by any other means;

(8) to lend money to any other cooperative in accordance with the regulations of the lending cooperative which are approved by the Registrar of Cooperatives;

(9) to carry on all other affairs in connection with, or relating to, the fulfilment of the objects of the cooperative.

Section 47. A loan or guarantee raised or given by a cooperative shall be limited to the amount approved by the Registrar of Cooperatives.

Section 48. A cooperative shall keep liquid assets in accordance with the criteria and methods as prescribed in the ministerial regulations.

Section 49. Any subsidy or property of the Government, of foreign agencies or any other person, if given to a cooperative for a specific purpose, shall be used for such purpose; if not, it shall be allocated as reserve of the cooperative.

Section 50. A cooperative shall have a board of directors consisting of a chairman and not more than fourteen other members of the board of directors who are elected from members in a general meeting of the cooperative.

A board of directors has a term of office of two years each from the date of election. When one year is complete in the first term of the first office of a board of directors, one-half of the members of the board shall vacate the office by ballot. Such vacation of office shall be regarded as a complete term of office.

Members of a board of directors vacating the office may be re-elected as board members but not more than two consecutive terms of office.

In the case where there is an election of a member of a board of directors to replace the one vacating the office, a newly elected board member shall be in office for a period equivalent to the remaining term of office of the member whom he replaces.

Section 51. The board of directors shall carry on the affairs of the cooperative and represent it in matters concerning the third persons. For this purpose, the board may entrust one or several board members or the manager of the cooperative to act on its behalf.

Section 52. A person with the following characteristics shall not be qualified to be, or to act as, a member of the board of directors or a manager:

(1) used to serve a final judgement of imprisonment for a penalty concerning dishonesty on property;

(2) used to be expelled or dismissed from government service, government or private organisations, on account of dishonesty in the conduct of his duties;

(3) used to be dismissed, or to be dismissed on final rulings under section 22 (4), from office of a member of the board of directors of a cooperative;

(4) used to be dismissed from office of a member of the board of directors by a general meeting of a cooperative on account of dishonesty in the conduct of his duties.

Section 53. A cooperative shall have one or more supervisors elected from members or third persons by the general meeting to supervise the affairs of the cooperative and to report the findings to the general meeting.

The number of supervisors under paragraph one shall be prescribed by the Registrar of Cooperatives.

Section 54. The board of directors shall call an ordinary general meeting once a year within one hundred and fifty days from the last day of the accounting year of the cooperative.

Section 55. Upon reasonable circumstances, the board of directors may call an extraordinary general meeting whenever it thinks fit. If the Registrar of Cooperatives notifies in writing to call an extraordinary general meeting, or in the case where the cooperative has suffered losses, more than one-half of its paid-up share capital, the extraordinary general meeting must be called without delay, but not later than thirty days from the date of its acknowledgement.

Members not less than one-fifth of the total number of members or not less than one hundred members, or delegates of members, in case of a cooperative having delegates of members under section 56, not less than one-fifth of the total number of delegates or not less than fifty delegates may sign a petition requesting the board of directors to call an extraordinary general meeting.

In case of members or delegates of members of a cooperative requesting for an extraordinary general meeting, the board of directors shall call it within thirty days from the date of receiving the written request. If the board does not call it within the said period, the Registrar of Cooperatives has the power to do so within a period he thinks fit.

Section 56. Any cooperative having more than five hundred members may specify in its by-laws that the general meeting may consist of the delegates of members. But the total number of the delegates shall not be less than one hundred.

The methods of election, number and term of office of the delegates of members shall be prescribed in the by-laws.

Section 57. At a general meeting of a cooperative, the presence of not less than one-half of the total number of members or not less than one hundred members or, in case of a general meeting consisting of the delegates of members, not less than one-half of the total number of the delegates or not less than one hundred delegates shall constitute a quorum.

At a general meeting, a member or delegate of members shall not appoint other person his proxy.

Section 58. At a general meeting of a cooperative, if the presence of members or delegates of members, as the case may be, is insufficient to constitute a quorum, another general meeting shall be called within fourteen days from the date of the first call of the general meeting. As for the subsequent meeting, if it is not an extraordinary general meeting requested by the members or delegates of members, the presence of members or delegates of members, as the case may be, not less than one-tenth of the total number of members or delegates of members or not less than thirty of them shall be deemed a quorum.

Section 59. Each member or delegate of members shall have one vote. In case of equality of votes, the chairman of the meeting shall have an additional vote as a casting vote. The decision of a general meeting shall be made by a majority of votes, except that a not less than two-thirds majority of votes of the members or delegates of members present in the general meeting shall be required in the following cases:

- (1) amendment of by-laws;
- (2) amalgamation of cooperatives;
- (3) division of a cooperative;
- (4) dissolution of a cooperative;
- (5) any other matters which the by-laws require a not less than

two-thirds majority of votes of the members or delegates of members present at the general meeting.

Section 60. In appropriating the annual net profit of a cooperative, at least not less than ten percent of the net profit shall be contributed to the reserve fund; and not more than five percent of the net profit, but not exceeding the rate specified by the Board of National Cooperative Development, shall be made a subscription to the Cooperative League of Thailand.

The balance of the annual net profit, after being contributed to the reserve fund of the cooperative and the subscription to the Cooperative League of Thailand, may, subject to the by-laws of the cooperative, be appropriated by the general meeting as follows:

- (1) as dividend on paid-up shares not exceeding the rate prescribed for each type of cooperative in the ministerial regulation;
- (2) as patronage refund to the members in proportion to their volume of business done with the cooperative during the year;
- (3) as bonuses to the members of the board of directors and the personnel of the cooperative not exceeding ten percent of the net profit;
- (4) as contributions to accumulated funds for carrying out any activity of the cooperative as prescribed in the by-laws.

Section 61. The reserve fund of a cooperative under section 60 paragraph one can be withdrawn from the reserve-fund account only for a compensation of its losses, or for a contribution to the reserve fund of a newly registered cooperative which is separated from the cooperative under section 100.

Section 62. A cooperative may deposit or invest its money as follows:

- (1) to deposit it in any cooperative federation or any other cooperatives;

- (2) to deposit it in any bank, or any financial institution whose object it is to give financial assistance to cooperatives;

- (3) to purchase securities of the Government or state enterprises;

- (4) to purchase shares of any bank whose object it is to give financial assistance to cooperatives;

- (5) to purchase shares of a cooperative federation or other cooperatives;

- (6) to purchase shares of any institution whose business it is to facilitate or promote the affairs of cooperatives with the approval of the Registrar of cooperatives;

- (7) to deposit or invest by other modes prescribed by the Board of National Cooperative Development.

Section 63. A cooperative whose object it is to sell or process agricultural produce which is produced by its members, shall buy or collect the produce of the members before that of other persons.

Section 64. A cooperative shall make the following registers;

- (1) a register of members which must at least have the following particulars:

- (a) name, type and office address of the cooperative;
- (b) names, nationalities and addresses of its members;
- (c) date of admission to be membership.

- (2) a register of shares which must at least have the following particulars:

- (a) name, type and office address of the cooperative;
- (b) name of members holding shares, value of shares, number of shares held and paid-up shares;
- (c) date of acquisition of shares;

The cooperative shall keep the registers under (1) and (2) at its office and shall send the copies thereof to the Registrar of Cooperative within ninety days from the date of registering the cooperative.

The cooperative shall notify any change of particulars in the registers to the Registrar of Cooperatives within thirty days from the last date of the accounting year of the cooperative.

Section 65. A cooperative shall maintain its bookkeeping and accounts and particulars of the true nature and accuracy as prescribed by the Registrar of Cooperatives, and keep them including relevant documents at the office of the cooperative for a period as specified by him.

Any cash transactions shall be recorded in the accounts on the date when the transactions happen. Other transactions not concerned with cash shall be recorded in the accounts within three days from the date when the transactions happen.

The recording of transactions in any account shall be accompanied with the relevant documents, complete and comprehensive.

Section 66. A cooperative shall make a balance sheet at least once in twelve months, which is deemed to be an accounting year of the cooperative.

The balance sheet must show particulars of assets, liabilities and capital of the cooperative together with the profit and loss account in the form prescribed by the Registrar of Cooperatives.

The balance sheet must be completed and it must be examined by an auditor and then submitted, for approval, to the general meeting of the cooperative within one hundred and fifty days from the last date of the accounting year.

Section 67. A cooperative shall make an annual report showing the results of its operations, and shall submit it together with the balance

sheet to the Registrar of Cooperatives within thirty days from the date of the meeting.

Section 68. A cooperative shall keep at its office the annual reports showing the results of its operations and the balance sheets together with the by-laws and the laws on cooperatives for inspection by the members.

#### Chapter 4

##### Audit

Section 69. The Registrar of Cooperatives shall appoint auditors to audit the accounts of Cooperatives.

The audit shall be conducted in accordance with the generally accepted standard of audit and the regulations prescribed by the Registrar of Cooperatives.

#### Chapter 5

##### Dissolution of Cooperatives

Section 70. A cooperative may be dissolved on any of the following grounds:

- (1) on the realisation of any cause of dissolution as prescribed in its by-laws;
- (2) when the cooperative having less than ten members;
- (3) by resolution of a general meeting of the cooperative;
- (4) upon being a bankrupt;
- (5) by order of the Registrar of Cooperatives under Section 71.



The cooperative dissolved under (1), (2), (3) or (4) shall notify the Registrar of Cooperatives within fifteen days from the date of dissolution.

Notice of the dissolution of the cooperative shall be put up by the Registrar of Cooperatives, at the office of the cooperative, the district cooperative office or the office of cooperative promotion unit concerned and the district administrative office of the locality where the cooperative is situated.

Section 71. The Registrar of Cooperatives has the power to order the dissolution of a cooperative when it appears that:

(1) the cooperative has not commence operation within one year from the date of its registration, or has ceased its operation continuously for a period of two years from the date of cessation;

(2) the cooperative fails to send to the Registrar of Cooperatives a copy of its balance sheet and annual report for three consecutive years;

(3) the cooperative may not carry out its affairs fairly beneficial to its members, or its operation has caused damages to itself or the common good.

Section 72. A cooperative which is dissolved by order under section 71 has the right to appeal to the Board of National Cooperative Development by filing an appeal with the Registrar of Cooperatives within thirty days from the date of receiving the order; and the Registrar of Cooperatives shall forward the appeal to the Board without delay.

The ruling of the Board of National Cooperative Development shall be final.

Section 73. When a cooperative is dissolved on any ground specified in section 70, it shall be liquidated in accordance with the provisions of Part IV Liquidation.

## Part IV

### Liquidation

Section 74. The liquidation of a bankrupt cooperative shall be carried out in accordance with the law on bankruptcy.

Section 75. As for the liquidation of a cooperative dissolved on grounds other than bankruptcy, the general meeting shall elect a liquidator with the approval of the Registrar of Cooperatives to perform the liquidation within thirty days from the date of dissolution or from the date on which the Board of National Cooperative Development dismisses the appeal, as the case may be.

In the case where the general meeting does not elect a liquidator within the said period, or the Registrar of Cooperatives does not approve the election of the liquidator; the Registrar of Cooperatives shall appoint a liquidator to perform the liquidation of the cooperative.

When the Registrar of the Cooperatives thinks fit, or the members of the cooperative not less than two-thirds of the total number of its membership make a request to him, he may appoint a new liquidator to replace the previously elected or appointed liquidator.

The Registrar of Cooperatives shall register the liquidator approved by him under paragraph one or the liquidator appointed under paragraph two or paragraph three, and shall put up a notice of the name of the liquidator at the office of the cooperative, the district cooperative office or cooperative promotion unit and the district administrative office of the locality where the cooperative is situated within fourteen days from the date of registration of the liquidator.

A liquidator may receive remuneration as prescribed by the Registrar of Cooperatives.

Section 76. Although being dissolved, a cooperative is deemed to continue its existence after dissolution as long as it is necessary for the purpose of liquidation.

Section 77. The liquidator shall have the duty to settle the affairs of the cooperative, to pay its debts and to dispose its properties.

Section 78. When a cooperative is dissolved, the board of directors and the personnel of the cooperative shall have the duty to take care of all properties of the cooperative until the liquidator requests for the delivery thereof.

The liquidator may, at any time, request the board of directors or the personnel of the cooperative to deliver to him the properties under paragraph one together with the account books, documents and other things.

Section 79. Within thirty days from the date the liquidator was registered by the Registrar of Cooperatives, the liquidator shall advertise in a daily newspaper for at least two consecutive days or to advertise through other means that the cooperative has been dissolved; and shall notify in writing to all creditors whose names appear in the account books or documents of the cooperative or are known by any other way to know that the cooperative has been dissolved, and that they shall claim the payment of debts from him.

Section 80. The liquidator shall make a balance sheet of the cooperative without delay, and the Registrar of Cooperatives shall appoint an auditor to examine the balance sheet.

After the balance sheet is certified by the auditor, the liquidator shall submit it to the general meeting for approval and, then, submit it to the Registrar of Cooperatives.

In the case where the general meeting has no quorum, the liquidator shall submit the balance sheet to the Registrar of Cooperatives for approval.

Section 81. A liquidator shall have the power and duties as follows:

(1) to carry on the affairs of the cooperative as far as may be necessary for looking after the interests of the cooperative during the period which the liquidation has not yet completed;

(2) to carry on the affairs of the cooperative as far as may be necessary for a smooth settlement of its affairs;

(3) to call a general meeting;

(4) to take on all proceedings concerning civil or criminal cases and to make compromise in any matter on behalf of the cooperative;

(5) to dispose of the properties of the cooperative;

(6) to demand members or heirs to the deceased members to pay the value of their shares which still remains unpaid;

(7) to apply to the court to have the cooperative declared bankrupt in the case where the value of shares or capital have been paid up but the properties are still insufficient to pay the debts;

(8) to do all other acts as may be necessary for a smooth settlement of the liquidation.

Section 82. No limitation of the power of the liquidator shall be set up against third persons acting in good faith.

Section 83. Fees, charges and expenses reasonably incurred in the liquidation must be paid by the liquidator in preference to other debts.

Section 84. If a creditor does not demand the payment of debts, the liquidator must deposit with the Registrar of Cooperatives a sum of money for payment of the debts in the creditor's favour; and the liquidator shall notify him in writing of such the deposit without delay.

If the creditor does not collect the money within a period of two years from the date on which the liquidator deposited the money with the Registrar of Cooperatives, the creditor shall no longer be entitled to it; and the Registrar of Cooperatives shall, within a reasonable period of time, remit it to the income account of the Cooperative League of Thailand.

Section 85. The liquidator shall six-monthly submit to the Registrar of Cooperatives a report on his performance showing the situation of accounts under liquidation. The said report shall be made in the form prescribed by the Registrar of Cooperatives.

The report under paragraph one shall be available for inspection by members, heirs of deceased members and creditors of the cooperative free of charge.

If it appears that there is an error in the liquidation, the Registrar of Cooperatives shall have the power to order the liquidator to rectify it and report to him within the prescribed period.

Section 86. After the payment of all debts of the cooperative, if there is some property left over, the liquidator shall distribute it in the following order:

(1) as repayment to the members not exceeding the value of their paid-up shares;

(2) as dividend on paid-up shares at the rate not exceeding that prescribed, for each type of cooperatives, by the Registrar of Cooperatives in accordance with the approval of the Board of National Cooperative Development;

(3) as patronage refund to the members in proportion to their transactions done with the cooperative during the year as prescribed in the by-laws.

If there is some property still left over, it shall be transferred to other cooperatives or the Cooperative League of Thailand in accordance with the resolution of the general meeting, or with the approval of the Registrar of Cooperatives in the case where the general meeting cannot be called within three months from the date of completion of the liquidation.

Section 87. After completion of the liquidation of a cooperative, the liquidator shall make and submit to the auditor a report on liquidation together with a summary of the liquidated accounts showing as to how the liquidation was carried out and the property of the cooperative was managed as well as the liquidation expenses and the portions of property distributed under section 86.

After the auditor has examined and certified the liquidated accounts, the liquidator shall submit it to the Registrar of Cooperatives within thirty days from the date of certification thereof. When the Registrar of Cooperatives has given approval thereto, it shall be deemed that the liquidation is completed, and he shall cancel the name of the cooperative from the register.

Section 88. When the Registrar of Cooperatives has given approval to the liquidation under section 87, the liquidator shall hand over to him all account books and documents of the liquidated cooperative within thirty days from the date of his approval.

The Registrar of Cooperatives shall keep these account books and documents for another two years from the date of cancelation of the name of the cooperative from the register.

The account books and documents under paragraph one shall be available for inspection by the interested persons free of charge.

Section 89. No claim for recovery of debts shall be brought against a cooperative, its members or liquidator after the lapse of two

years from the day on which the Registrar of Cooperatives cancelled the name of the cooperative from the register.

## **Part V**

### **Amalgamation of Cooperatives**

Section 90. Two or more cooperatives may be amalgamated by resolution of a general meeting of each cooperative, provided such amalgamation must be approved by the Registrar of Cooperatives.

The application for approval of the Registrar of Cooperatives shall be accompanied with copies of minutes of the general meetings of the cooperatives which passed the resolution for the amalgamation.

Section 91. After the Registrar of Cooperatives has given approval under section 90, each cooperative shall notify in writing all of its creditors informing them of the proposed amalgamation, and shall request those who have objections to the amalgamation to send their objections to the cooperative within sixty days from the date of receiving the notice.

If no creditor objects the proposed amalgamation within the prescribed period, it shall be deemed that there is no objection.

If a creditor objects it, the cooperative may not proceed with the amalgamation until it pays up the debts or gives a guarantee for the payment thereof.

Section 92. The board of directors of each cooperative to be amalgamated shall appoint not more than three representatives to proceed with the registration under section 93.

Section 93. The cooperative established by amalgamation must be registered as a new cooperative by filing an application for registration with the Registrar of Cooperatives in accordance with the forms prescribed by him.

The application for registration of the new cooperative must be signed by at least two representatives of each amalgamating cooperative.

The application for registration of the new cooperative must be accompanied with the following documents:

(1) a letter of each amalgamating cooperative confirming that notices have been given to all of its creditors under section 91 paragraph one, and no creditor objects the amalgamation within the prescribed period or, in case a creditor objects it, the cooperative has already paid up the debts or given guarantee for the payment thereof;

(2) four copies of by-laws of the new cooperative to be registered;

(3) a copy of minutes of the meeting of representatives of the amalgamating cooperatives.

Documents under (2) and (3) must be certified by two representatives of the cooperative to be registered.

Section 94. After the registration of amalgamation of the cooperatives as a new cooperative, the Registrar of Cooperatives shall cancel the names of the amalgamating cooperatives from the register.

The representatives of the amalgamating cooperatives shall have the same power, duties and rights as the board of directors of the newly amalgamated cooperative until the election of its board of directors shall be carried out under section 40.

Section 95. The new cooperative shall acquire all the properties, obligations, rights and liabilities of every amalgamating cooperative.

## **Part VI**

### **Division of Cooperatives**

Section 96. A cooperative shall not be divided unless there is a

change of boundaries of the administrative locality, or a division of a corporate body or business organisation; and the change or division has made it necessary for, or caused inconvenience to, the working of the cooperative.

The division of a cooperative under paragraph one shall be made by the members of the cooperative not less than one-fifth of the total number of the members or not less than five hundred members filing a request in writing with the board of directors of the cooperative.

The board of directors shall call a general meeting within thirty days from the date of receiving the request under paragraph two in order to consider the division of the cooperative. If the general meeting has resolved to approve such the division, it shall consider the division of properties, capital, reserve, obligations, rights and liabilities of the cooperative in accordance with the methods prescribed by the Registrar of Cooperatives.

The final decision of the general meeting on the issues under paragraph three shall be made by at least not less than two-thirds of the members or delegates of members who are present in the meeting.

If the board of directors does not call a general meeting within the specified time under paragraph three, the Registrar of Cooperatives shall have the power to call a general meeting within a period he thinks fit.

Section 97. In the case where the general meeting does not approve the division of a cooperative and, if the members who signed the application for division of the cooperative under section 96 paragraph two have considered the matter contrary to the resolution of the general meeting; all the aforesaid members shall sign an application to the Registrar of Cooperatives within thirty days from the date on which the general meeting had the resolution, in order that the Registrar of Cooperatives shall make a decision on whether or not the division of the cooperative is appropriate.

Whatever the decision the Registrar of Cooperatives has made shall be notified to the cooperative.

The decision of the Registrar of Cooperatives shall be final.

Section 98. After the general meeting gave its approval under section 96, or the Registrar of Cooperatives decided in favour of the division of the cooperative under section 97; the cooperative shall notify in writing to all of its creditors the resolution of the general meeting or the decision of the Registrar of Cooperatives in order to inform them about the particulars of the division of the cooperative and to request them who have any objection to the division to send it to the cooperative within sixty days from the date of receiving the notice.

Section 99. The provisions of Part III Chapter 1 concerning the formation and registration of cooperatives shall, mutatis mutandis, apply to the cooperative newly established by the division of the original cooperative.

The application for registration of the new cooperative must be accompanied with the following documents:

(1) a copy of the letter of request for division of the cooperative, and a copy of minutes of the general meeting approving the division of the cooperative under section 96 paragraph four, or a copy of the Registrar of Cooperatives' letter deciding in favour of the division of the cooperative under section 97, as the case may be;

(2) a copy of every letter of the cooperative informing all creditors under section 98;

(3) a letter of the cooperative confirming no creditors objecting the division within the prescribed period, or copies of letters of objection of the creditors together with the evidence showing that the cooperative has paid the debts or has given guarantee for all the debts.

Section 100. The portions of all properties, capital, reserves, obligations, rights and liabilities of the original cooperative the general meeting of which has approved the division under section 96, or the Registrar of Cooperatives has decided in favour of the division under section 97 as the case may be, shall be transferred to the new cooperative on the date of registration of the division by the Registrar of Cooperatives.

## Part VII

### Cooperative Federations

Section 101. Five or more cooperatives wishing to carry on the business jointly so as to accomplish their common objects may form a cooperative federation.

Whichever cooperative federation, be it a regional cooperative federation or a national cooperative federation, shall be formed with the objects of offering facilities and benefits to the cooperatives of the same types operating in the specific region or the whole country as the case may be, or undertaking the same kind of business of production, trade, industry or services in accordance with the criteria and conditions as prescribed by the National Cooperative Development Board.

Section 102. A cooperative federation shall be formed only by the resolution of the general meeting of each cooperative to participate in the formation of the cooperative federation.

Section 103. In the formation a cooperative federation, the board of directors of each cooperative shall appoint a representative to constitute a founding committee for undertaking the formation of a cooperative federation.

The provisions of Part III Cooperatives Shall, mutatis mutandis, apply to the formation and registration of a cooperative federation.

Section 104. In applying for the registration of a cooperative federation, at least five members of the founding committee shall sign the application and file it with the Registrar of Cooperatives.

Section 105. A registered cooperative federation shall be a juristic person and a cooperative under this Act.

For the purpose of carrying out its objects, a cooperative federation has the power to act in accordance with section 46 and that as prescribed in the ministerial regulations.

The provision of Part III, Part IV, Part V and Part VI shall, mutatis mutandis, apply to a cooperative federation.

Section 106. A general meeting of a cooperative federation shall compose of the representatives of the cooperatives which are members of the cooperative federation, whom the boards of directors of the cooperative elected one each in accordance with the by-laws of the cooperative federation. In a general meeting, the presence of not less than one-half of the total number of representatives or one hundred representatives, as the case may be, shall constitute a quorum.

One representative shall have one vote, or may have additional votes in accordance with the proportional voting system as prescribed in the by-laws of the cooperative federation.

Section 107. A general meeting of a cooperative federation shall elect its board of directors from the representatives of the cooperatives which are its members in accordance with the number, criteria and procedures as prescribed in the by-laws of the cooperative federation.

## Part VIII

### Cooperative League of Thailand

Section 108. There shall be the "Cooperative League of Thailand" consisting of members which are cooperatives, and having as its objects the promotion of affairs of every type of cooperatives throughout the Kingdom to attain prosperity without acquiring profits or income for sharing among themselves.

Section 109. The Cooperative League of Thailand shall be a juristic person.

The Cooperative League of Thailand shall have its head office in Bangkok and may establish its branch offices anywhere.

Section 110. The Cooperative League of Thailand has the power to do and act within the scope of its objects as specified in section 108 and such power shall include:

- (1) promoting and propagating cooperative affairs as well as conducting research and compiling statistics concerning the cooperative affairs;
- (2) giving technical advice and assistance to cooperatives and facilitating communication and coordination among cooperatives and Government agencies or other persons;
- (3) providing education and training on technical matters concerning cooperative affairs;
- (4) promoting relationship among cooperatives both internal and external of the country, or that with cooperative leagues of foreign countries, or foreign organisations, or international organisations having similar objects;
- (5) purchasing, procuring, disposing, holding ownership, possessing or executing juristic acts in respect of any property;

(6) promoting commercial business, trade, industry and services of cooperatives;

(7) supporting and assisting cooperatives in solving obstacles and constraints relating to the cooperative affairs which are of common benefit;

(8) acting as an agent of cooperatives in protecting and maintaining rightful interests deservedly derived from the State or international organisations or other private sector institutions;

(9) cooperating with the Government in the promotion of cooperatives for genuine and real benefits to them in general;

(10) carrying on other acts in compliance with its objects or as entrusted by the National Cooperative Development Board.

Section 111. The Cooperative League of Thailand may have revenue as follows:

- (1) subscriptions to the Cooperative League of Thailand;
- (2) Government subsidies;
- (3) interest arising from the central fund of the unlimited - liability cooperatives under section 8;
- (4) donations of money or property;
- (5) residues of money or property after liquidation of cooperatives under section 84 and section 86 paragraph two;
- (6) proceeds from sales of technical books, documents or others;
- (7) money or property received in return for services rendered;
- (8) interests derived from the property of the Cooperative League of Thailand.

Section 112. There shall be a board of directors of the Cooperative League of Thailand consisting of not exceeding fifteen members who are elected from the delegates of the cooperatives by the general meeting of the Cooperative League of Thailand.

The board of directors of the Cooperative League of Thailand shall elect from among its members one chairman and one or more deputy chairmen.

The board of directors shall appoint a director of the Cooperative League of Thailand and the director shall be the ex-officio secretary of the board of directors.

The provision of section 52 shall, mutatis mutandis, apply to the members of the board of directors and the director of the Cooperative League of Thailand.

Section 113. The board of directors of the Cooperative League of Thailand shall have the duty to administer the affairs of the Cooperative League of Thailand and be authorised to issue regulations in compliance with its objects.

The following regulations shall be enforceable only when their issuance has been given prior approval of a general meeting of the Cooperative League of Thailand:

- (1) regulations concerning expenses and custody of funds;
- (2) regulations concerning a general meeting of the Cooperative League of Thailand and the criteria on the delegates of the cooperatives attending its general meeting;
- (3) regulations concerning the election, meeting and administration of the board of directors of the Cooperative League of Thailand.

Section 114. The members of the board of directors of the Cooperative League of Thailand shall have each term of office for four years.

After the end of the term under paragraph one, if there has yet been no election of the new board members, the vacating board members

shall be entitled to hold the office further until the newly elected board members assume their functions.

The vacating board members may be re-elected but not more than two terms of office consecutively.

Section 115. In addition to the termination of office under section 114, a member of the board of directors of the Cooperative League of Thailand shall vacate the office in the case of:

- (1) death;
- (2) resignation;
- (3) becoming a bankrupt;
- (4) becoming an incompetent or a semi-incompetent;
- (5) serving a penalty of imprisonment by the final judgement of the lawcourt, except for that of an act of carelessness or a light offence;
- (6) cessation of membership of the cooperative.

In the case where a board member vacates the office before the end of the term, the board of directors of Cooperative League of Thailand shall select other delegate of the cooperative as a board member in his stead. The newly selected board member shall be in office for a period equivalent to the remaining time of the term of office of the board member whom he replaces.

Section 116. The board of directors of the Cooperative League of Thailand shall call an ordinary general meeting once a year within ninety days from the last day of the accounting year of the Cooperative League of Thailand.

Upon reasonable circumstances, the board of directors may call an extraordinary general meeting whenever it thinks fit; or in the case where a number of members not less than one-tenth of the total number



of members requests in writing the board of directors to call an extraordinary general meeting. Such the written request shall specify the objects for which the extraordinary general meeting is being called.

In the case of members requesting for an extraordinary general meeting, the board of directors shall call it within thirty days from the date of receiving the written request.

Section 117. The director of the Cooperative League of Thailand shall have the duties of managing the affairs of the Cooperative League of Thailand in accordance with the regulations and policies prescribed by the board of directors and shall have the power to control the officials thereof.

In matters concerning the third persons, the director shall be an agent of the Cooperative League of Thailand. For this purpose, the director may authorise any person to do specific affairs in accordance with the regulations prescribed by the board of directors.

Section 118. The provisions of Part III Chapter 4 concerning audit shall, mutatis mutandis, apply to the Cooperative League of Thailand.

## **Part IX**

### **Farmers Groups**

Section 119. In the case where a group of persons living on agricultural production jointly conducts the affairs with the objects of mutual assistance in the agricultural undertakings, but cannot as yet form a cooperative in accordance with this Act, may form a farmers group in accordance with the criteria and methods as prescribed in the Royal Decree.

The Royal Decree under paragraph one shall also prescribe the operations, supervision, dissolution and amalgamation of the farmers groups in accordance with the suitability of each type of farmers groups.

Section 120. A farmers group formed under Section 119 shall be a juristic person.

Section 121. The Registrar of Cooperatives shall be the Registrar of Farmers Groups and shall have the power and duties in accordance with the provisions of this Act, and there shall be one or more Deputy Registrars of Cooperatives as his assistant having the power and duties as entrusted by the Registrar of Cooperatives.

A provincial agriculture and cooperative officer shall be the Provincial Registrar of Farmers Groups of the locality where the farmers groups are located, having the power and duties in accordance with the regulations prescribed by the Registrar of Cooperatives and published in the Government Gazette.

The Registrar of Cooperatives shall be the Registrar of Farmers Groups for Bangkok.

Section 122. In the case where a farmers group applies for being transformed into a cooperative by a resolution of a general meeting on the majority votes of not less than one-half of the members present in the meeting; and the Registrar of Cooperatives, after having considered the application, is of the opinion that the by-laws of the farmers group contain correct and complete particulars under section 43, he shall register it as a cooperative and take further actions in accordance with this Act.

Section 123. When the Registrar of Cooperatives registers the transformation of a farmers group as a cooperative, the board of directors of the farmers group shall assume the status of the board of directors of

the cooperative until a new board of directors shall be elected by the general meeting of the cooperative in accordance with the provisions of this Act.

The cooperative under paragraph one shall acquire properties, obligations, rights and liabilities of the original farmers group.

Section 124. For the purpose of carrying out this Act, the Registrar of Farmers Groups and the competent officials entrusted by the Registrar of Farmers Groups shall have the power to enter and inspect the office of any farmers group during its working hours. The persons concerned shall provide facilities, assistance and explanation to the inspecting persons as may be considered appropriate.

The inspecting Registrar or officials acting under paragraph one shall produce their identity card to the persons concerned.

The identity card under paragraph two shall be in the form prescribed by the Minister.

Section 125. No claim for recovery of debts shall be brought against a farmers group, a member or a liquidator as debtor after the lapse of two years from the date on which the Registrar of Farmers Groups cancelled the name of the farmers group from the register.

Section 126. In case of a farmers group involving in any transaction which the law requires the acquisition, disposal, defence or retention of ownership of an immovable property or real right relating to an immovable property to be registered, such registration shall be exempted from the payment of fees.

Section 127. No person other than a farmers group which is registered under the Royal Decree issued under section 119, shall use the word "farmers group" as a name or a part thereof, of his business.

Section 128. The Registrar of Farmers Groups and the competent

officials entrusted by the Registrar of Farmers Groups shall have the power to issue a written order instructing any member of the board of directors, members and personnel of a farmers group to explain to the said authorities the facts concerning any activity of the farmers group, or to send any document concerning the operations or minutes of the meetings of the farmers group.

## Part X

### Penalties

Section 129. Any person who uses the word "cooperative" or the word "farmers group" as a name or a part thereof of his business without being a cooperative or a farmers group registered under this Act, shall be liable to imprisonment for not exceeding six months, or to a fine of not exceeding ten thousand baht, or both the imprisonment and fine, together with a fine of five hundred baht to one thousand baht per day until he stops using such name.

Section 130. Any person who does not appear for enquiry or does not send a document concerning the operations or minutes of a meeting of a cooperative or a cooperative federation according to the order of the Registrar of Cooperatives, Deputy Registrar of Cooperatives, inspector of cooperatives, auditor or competent official entrusted by the Registrar of Cooperatives making an order under section 17; or any person who does not appear for inquiry or does not send a document concerning the operations or minutes of a meeting of a farmers group according to the order of the Registrar of Farmers Groups, or a competent official entrusted by him under section 128, as the case may be, shall be liable to a fine of not exceeding ten thousand baht.

Section 131. Any person who obstructs to, or does not appear for enquiry before the Registrar of Cooperatives, Deputy Registrar of Cooperatives, inspector of Cooperatives, auditor or competent official entrusted by the Registrar of Cooperatives under section 18; or any person who obstructs to, or does not appear for enquiry before, the Registrar of Farmers Groups or a competent official entrusted by him under section 124, shall be liable to a fine of not exceeding ten thousand baht.

Section 132. Any person who disobeys to take custody of the property of a cooperative, or to deliver to the liquidator the property, account books, documents and other things of the cooperative under section 78 shall be liable to a fine of not exceeding ten thousand baht.

Section 133. Any person who disobeys to rectify any defect in accordance with the order of the Registrar of Cooperatives under section 22(1) shall be liable to a fine of not exceeding ten thousand baht.

#### **Transitional Provisions**

Section 134. All the limited-liability cooperatives, the cooperative federations, the Cooperative League of Thailand and the farmers groups under the Cooperatives Act B.E. 2511 which are still in existence on the date on which this Act comes into force shall be deemed the cooperatives, the cooperative federations, the Cooperative League of Thailand and the farmers groups under this Act.

The Revolving Cooperative Promotion Fund shall be transferred to the Cooperative Development Fund under section 27,

Section 135. Any cooperative federation in existence on the date on which this Act comes into force, but has as its members a number of cooperatives less than that prescribed in section 101, shall be continually a cooperative federation.

Section 136. The by-laws of any cooperative which are enforceable

on the date on which this Act comes into force shall remain in force to the extent that they do not in conflict with or oppose to this Act.

The members of a board of directors of any cooperative shall be in office until the expiration of their term of office as prescribed in the by-laws of the cooperative, which shall be deemed their first term of office.

Section 137. The unlimited-liability cooperatives under the Cooperatives Act B.E. 2511 which are in existence on the date of coming into force of this Act must apply for registration as the cooperatives under Part III Chapter 1 concerning formation and registration of cooperatives within one hundred and eighty days from the date of coming into force of this Act; if they desire to be established as cooperatives under this Act.

If there is no registration of a cooperative under paragraph one, the Registrar of Cooperatives shall order the dissolution of the unlimited-liability cooperative in question and shall appoint a liquidator to liquidate it. In this connection, the provisions of Part IV concerning Liquidation shall apply mutatis mutandis.

Section 138. The Royal Decrees, the ministerial regulations, the announcements, the regulations or the orders issued under the cooperative laws which are still in force on the date of coming into force of this Act shall further be enforceable to the extent that they are not in conflict with or oppose to this Act and until there shall be in force the Royal Decrees, the ministerial regulations, the announcements, the regulations or the orders issued under this Act.

Countersigned by

Chuan Leekbhai  
Prime Minister

**Remark :** The reason for the proclamation of this Act is that the Cooperatives Act B.E.2511 has been in force for a long time. Several provisions of the Act are not conducive to the development of cooperatives to catch up with the competition in present-days business system. In addition, the Cooperatives Act B.E. 2511 embodies, too, the provisions concerning farmers groups which should be improved concurrently. It is, therefore, appropriate to upgrade wholly the law on cooperatives by setting the cooperative system on a one-kind cooperative basis, i.e. a cooperative the liability of a member of which is limited to the amount of shares held by him. Furthermore, in order to develop cooperatives soundly with respect to the supervision and promotion of cooperative affairs, the National Cooperative Development Board is institutionalised for the purpose of advising to the Government the ideas concerning policies and guidelines for the promotion and development of cooperatives. There are also provisions on the Cooperative Development Fund for the purpose of giving financial assistance to the cooperatives, and provisions on the improvement of the number of members and the term of office of the board of directors of the Cooperative League of Thailand. In addition, the provisions on farmers groups are improved in order for them to develop into cooperatives systematically. Also, the provisions on penalties are to be made more appropriate.

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