

THE HIGH COURT OF SINDH AT KARACHI
M.A No. 69 of 2022

Date: Order with signature(s) of the Judge(s)

Appellant : M/s. Meerut Cooperative Housing Society Ltd

Respondents : Shahid Akhtar Qureshi and others.

Hg/Priority Case.

1. For Hearing of CMA No.4855/2022.
2. For Hearing of Main Case.

Date of hearing : 19th September, 2023.

Date of order : 14th November 2023.

APPEARANCE

Mr. Aziz-ur-Rehman Akhund advocate for the appellant.
Mr. Zafar Imam advocate for Respondent.
Mr. Ali Zardari, AAG a/w Syed Jawed Ali Shah, Deputy Registrar, (Legal) Cooperative Societies, Sindh.
M/s. Abbadul Hasnain, Muzamil Hussain Jalbani, Akash Gehani, Muhammad Hanif Samma, Ms. Sara Malkani and Ms. Saira Shaikh Advocates, Amicus.

J U D G M E N T

SALAHUDDIN PANHWAR, J. While hearing this appeal, a **legal question** was raised that whether **Cooperative Societies Act 1925 and amended in year 2020 (The Act)** was enacted for the **housing** scheme(s) Accordingly, this bench with the consent of the parties decided to answer the **legal issue** with the assistance of respective counsel and the **amici** appointed by this Court. Henceforth, by order dated 04th September 2023, it was *inter-alia* observed that:-

“Needless to mention that a bare perusal of Act, 1925 shows that act was not mainly meant for housing schemes, though this was only one aspect, whereby a segment of societies/persons pertaining to agriculture sector, having low income, were required to be facilitated through former (farmer) organizations and even banks were established for the loaning purpose to uplift them and housing aspects for them were linked with that object and not in isolation.”

AMICUS REPORTS

2. **Accordingly**, since intrinsic questions of import of the **Act**, its essence and *necessity* were involved, therefore this court deemed *appropriate* to seek assistance of M/s **Abad ul Hasnain, Muzamil Hussain Jalbani, Akash Gehani, Ms. Sara Malkani and Ms. Saira Shaikh Advocates**, assisted this Court *appointed* as **Amicus** with regard to propositions as framed above. Needless to mention, that this *proposition* will not **directly** affect upon the merit of the case in hand, however, will *examine* the **object** and applicability of **Acts 1925 and 2020** keeping in view its lack of enforcement in its letter and in spirit owing to lack of focus in its essence. The **extract** of the comprehensive reports of *Amici* reproduced hereunder:-

3. **Firstly, Mr. Muzammil Hussain Jalbani** in his report submitted that “*the first example Of Cooperative Movement started in England followed by the principal known as (Rochdale Principal 1844)* till today same is being followed by the Cooperative Societies worldwide. He enlightened “*The Principles of Rochdale*”, which are:

- *Voluntary and open membership*
- *Democratic Member Control (Equal voting rights one Vote each member).*
- *Member Economic Participation.*
- *Autonomy and independence.*
- *Education, Training and information.*
- *Co-operation among Co-operatives.*
- *Concern for community.*

He further expressed in the report that with the current situation of cooperative societies in Pakistan and specifically with reference to province of Punjab, 06 types of societies are registered with the Joint Registrar Co-operative under **The Cooperative Societies Act, 1925.**

IN PAKISTAN (GENERALLY)

There exist 6 types of societies which are as under;

- **CONSUMER COOPERATIVE SOCIETY:** *Such societies directly buy good from manufacturers and supply them to consumers, thus eliminates the role of middleman in distribution.*
- **PRODUCER COOPERATIVE SOCIETY:** *Safeguard the interest of small-scale producers. And to facilitate the essential items to producers like machinery, raw material, equipment, etc.*

- **COOPERATIVE MARKETING SOCIETY:** All the members pool together and then sell via centralized agency (such as Sunday Bazar, etc.).
- **COOPERATIVE CREDIT SOCIETY:** Accepts deposits from its members and grants them loan at reasonable interest, when needed. (Urban Cooperative Banks is classic example of such cooperative society).
- **COOPERATIVE OR FARMING COOPERATIVE SOCIETY:** Short-term credit is provided for purchase of seed, fertilizer, pesticides etc. and medium and long-term loans are given for purchase of tractors, agricultural machinery, cattle, installation of tube well, etc. also referred as Agricultural cooperative society.
- **COOPERATIVE HOUSING SOCIETY:** Housing Cooperatives societies purchases land, construct houses/flats and allot the same to its members. Some housing societies also offer credit or loan facilities to the members at a lower rate of interest to members to build their own houses.

Whereas, *Amicus* reported that in province of **Punjab (Specifically)** under the **Government of Punjab and Cooperative Societies Act 1925**, the societies are established as under;

- **APEX SOCIETIES:** It is engaged in all types of banking and credit business with societies and individuals, to promote growth of the Cooperative movement, carry on banking and credit business to facilitate working of the members of Cooperative Societies and individuals as well, to Inspect, supervise and assess credit requirements of the members of the societies.
- **CREDIT COOPERATIVE SOCIETIES:** In order to provide credit to its members, these societies raise funds through share capital and borrowings from the Punjab Provincial Cooperative Bank Ltd. Further Credit operative societies are divided in two categories which are;
 - o **Farm Service Centers:** Assist in introduction of mechanized farming among the farmer members of Cooperative Societies by making available tractors and other agricultural implements on hire and through repairs, overhauling facilities of these implements.
 - o **Markaz Associate Farms Ion IRDP (Integrated Rural Development Program) Cooperative:** The objective of providing credit and agricultural marketing facilities on cooperative basis in Integrated Rural Development Project (IRDP) areas and were patterned after the Cooperative Farm Service Centers already existing in the province.
- **HOUSING COOPERATIVES SOCIETIES:** Provide better and cheaper houses especially to the low- and middle-income groups who, otherwise, cannot afford to own houses through individual efforts.
- **INDUSTRIAL COOPERATIVES SOCIETIES:** This medium could purchase raw material and appliances at a fair price, raise capital and market their products on favorable terms, enabling greater industrial

self-determination, Raising status of workers from wage-earners to the partners, The workers participation in the surplus from their associated labor. (*The prominent Industrial Cooperatives of Punjab is Pakistan Cycle Industrial Cooperative Society Lahore. This is the largest Industrial Society. It was set up in 1953 and produces bicycles with the brand names of "RUSTAM" and "SOHRAB" and also manufactures different models of motorcycles with the brand name of "SOHRAB".*)

- **WOMEN SOCIETIES:** The women's section is responsible for establishing, registering, and overseeing the operation of women's Cooperative Thrift & Industrial Societies. These societies offer industrial training programs, including tailoring, embroidery, knitting, fabric painting, flower making, and beauty parlor skills. To bolster the economic well-being of women at the micro-level, alleviate poverty, and augment the income of impoverished families, a micro-finance policy has been introduced for women's cooperative societies in the province. The maximum finance limit per society is set at Rs.0.3 million, allocated against their approved maximum credit limit (MCL). The funds are distributed equitably among society members, with each borrower eligible for up to Rs. 0.05 million. The finance is repayable over four years, featuring a six-month grace period, and can be paid back in 48 monthly or 16 quarterly installments, offering flexibility depending on the project's nature.
- **FARMING SOCIETIES:** Cooperative Farming grew in Punjab in 1948, To rehabilitate landless refugees from East Punjab and local landless tenants on state land, to increase agricultural production through improved methods of cultivation, credit, supply and marketing facilities and supplementing canal irrigation by installing tube-wells, to develop facilities like education, medical aid, storage, recreation, etc., on self-help. *Currently supplies agricultural inputs.*
- **MULTIPURPOSE SOCIETIES:** The multipurpose co-operative society has large number of functions to discharge. As the name indicates its responsibility for different purpose for which it has been set up. It can work for arranging credit, improved seeds, agricultural implements, fertilizers, sanitation, health etc. for its members. Normally it discharges the following functions. Established as an apex society in 1985 under a development scheme, Consists of 31 District Supply & Marketing Federation (DCF's).

Lastly, the report is **concluded** that **the Act** in year 1925 was not meant only for establishing housing schemes, as the **purpose** of Credit Cooperative Societies as well as Consumer Cooperative societies & Others. He opined that **that even otherwise the Cooperative Department of Punjab is best example for the formation of different Cooperative Societies under Cooperative Societies Act 1925 as stated above.**

4. Mr. Abbadul Hussnain, *Amicus* in his report, similarly described the concept, history and background of cooperative societies the same as Mr. Muzammil Hussain Jalbani and Ms. Saira Sheikh. However, his research speaks about **the three types of Farming Societies** which are as follows;

- **PEASANT PROPRIETORSHIP:** In Pakistan, agriculture primarily serves as a means of livelihood rather than a commercial venture. Most farmers engage in agricultural activities for subsistence rather than profit, cultivating food crops to sustain their families. Those who own and work their own land are known as peasant proprietors; they consume a portion of their harvest and sell any surplus, referred to as the marketed surplus, to purchase additional goods. These sole proprietors bear the risks of farming, experiencing losses in the event of crop failures but reaping the rewards of bumper crops. They do not pay rent to landowners as they cultivate their own land but may borrow money and pay interest on it. Small and marginal farmers often resort to cultivating others' land to supplement their income, making a distinction between land ownership and operational holdings necessary. Medium and large landholders are also sole proprietors, employing hired labor for cultivation, while wealthy farmers rely on wage labor and not direct family involvement in farming activities.+
- **TENANT FARMING:** In certain cases, landowners are unable to personally cultivate the land they own, so they choose to lease it out. Landless farmers, who do not possess their own land, cultivate the land owned by others and, in return for the right to use the land, pay rent. These individuals are commonly known as tenant farmers or simply tenants.

Further classified Tenants in 3 categories;

- i. OCCUPANCY TENANTS:** *These tenants possess permanent and inheritable land rights, offering them security of tenure and the potential to seek compensation from landlords for significant land improvements.*
 - ii. TENANTS-AT-WILL:** *On the other hand, a "tenant at will" lacks the assurance of keeping the land long-term and can be forced to leave the land whenever the landowner wishes.*
 - iii. SUB-TENANTS:** *Sub-tenants are like tenants-at-will, but the key difference is that while landlords choose tenants-at-will, sub-tenants are selected by the main tenants who already rent the land.*
- **COOPERATIVE FARMING:** Concept of Co-operative farming was introduced to solve the problem created by sub-division of holdings. The idea is that farmers having small holdings join heads and pool their land for the purpose of cultivation. Cultivation of

such small farmers is not profitable. At most they can provide a means of subsistence to the farmers.

5. Mr. Abbadul Hussanain has reported the **statistics** of Land acquired by the Punjab Cooperative Societies Department under Land Utilization. According to his research *approximately 142,928 acres* of State land has been allocated to **132 Cooperative** Farming Societies in several districts of Punjab including **Multan, Sahiwal**, Vehari, Khanewal, Okara, Lodhran, and Toba Tek Singh. Out of this *allocation, 135,318 acres* were leased to **9,534** members in units of **12-1/2 acres**, while the remaining **7,610** acres were designated for various purposes such as village sites and water channels. He has also discussed the variants of cooperative farming societies which can be taken up to maintain the stability and performance.

- **COOPERATIVE JOINT FARMING SOCIETY:** *The members pool their land and other productive assets and carry on all the pre-sowing the pooling and post harvesting functions besides the cultivation of the pooled land on cooperative basis.*
- **COOPERATIVE BETTER FARMING SOCIETY:** *The members do not cultivate their land jointly. Each member cultivates his own land; however, they co-operate with each other for pre-sowing and post harvesting operation and they sell the crops jointly.*
- **COOPERATIVE TENANT FARMING SOCIETY:** *The society purchase or leases land from the Government or some private persons and then in turn leases out the land to its members.*
- **COOPERATIVE COLLECTIVE FARMING SOCIETY:** *This type of society involves pooling of their land by the members on a permanent basis, a member who joins this society cannot ever withdraw his land from the society, he can only transfer his land to some other person who will now become a substitute member of the society.*

Additionally, the report is consisting of arguments in favor of cooperative farming as;

1. **Consolidating land into larger**, contiguous blocks enables more efficient cultivation and facilitates profitable investments that are impractical on small, scattered plots. Costly agricultural machinery, such as pump-sets, tractors, and threshers, can be used effectively only on larger areas. Moreover, irrigation schemes are more efficient on consolidated land, as they prevent the wastage of costly irrigation water.
2. **Enhancing agricultural productivity** is a crucial factor in economic advancement, as it allows for a shift of workers from agriculture to non-agricultural sectors, which grow with economic progress. This transition sustains the supply of agricultural products for those engaged in non-agricultural occupations. Furthermore, the success of industrialization

heavily relies on the improved productivity of agricultural workers, underpinning overall economic growth.

3. *Cooperative farming can boost the marketable surplus of agricultural products by streamlining surplus collection, which is typically more challenging under individual farming. The quantity of marketable surplus produced in the agricultural sector plays a pivotal role in a nation's material development, signifying its economic progress.*
4. *Cooperative farming benefits the government by simplifying tax collection, subsidy distribution, and the implementation of advanced agricultural techniques due to the reduced number of farms, streamlining administrative processes and facilitating the adoption of modern, technology-based cultivation methods.*
5. *Large farms, being more creditworthy than smaller ones, can access substantial financing essential for agricultural improvement. Adequate credit is crucial for reaping the benefits of large-scale commercial farming, enabling investments in modern technology and infrastructure, leading to enhanced productivity and economic development.*

Besides, the report contains “**The Features Of Cooperative Joint Farming**”;

- i) *Recognition of the Right of Ownership,*
- ii) *Voluntary Membership,*
- iii) *Democratic Management,*
- iv) *Distribution of Rewards According to Contribution,*
- v) *Various Other jobs to promote General Welfare.*

Afterwards, the report is talking about “**The Advantages of Cooperative Joint farming**”;

- i. *Increase in the size of the holding.*
- ii. *Use of non-traditional inputs (such as seeds, fertilizers, and insecticides).*
- iii. *Increase in output.*
- iv. *Social Justice and cohesion (The management is elected democratically on the basis of one member-one vote).*
- v. *Provisions of social services (educational and healthcare facilities).*
- vi. *Research (in cultivation and allied activities).*
- vii. *Closer contact of the farmers with the Government.*

6. **Ms. Sara Malkani Advocate** in her contribution as Amicus added through her report and proposed that the **model of farmers’ cooperative** cannot last longer as there is a lack of mindset to work in an association and the absence of belief of the farmers as they have fear of losing their lands as a *consequence* to join the cooperatives. **Farmers** of Pakistan are less educated and Government has never taken any *responsibility* to properly *educate* them as a result Pakistan is failed to establish even a

single "Farmer cooperative of National standing". She while referring Sindh Government has reported that it is evidently seen that the concept of cooperative farming was hugely welcomed back in **2011**, when its structure and benefits were explained to them in simple terms when the flood of 2011 damaged the agriculture system of Sindh. **Correspondingly**, the cooperative was formed based on **300** farmers including women in isolated areas of Khairpur District. The cooperative members were educated and trained to use the modern techniques and were connected to the vegetable exporters and superstores in Karachi and Lahore.

Finally, her report concluded by focusing on the **education** and training of the **farmers** of the remote areas in Pakistan, that can bring a change in agricultural sector in Pakistan.

7. **Ms. Saira Sheikh** as amicus in her research report briefed the concept and history of Cooperative Societies Act, 1925 and The Sindh Cooperative Societies Act, 2020 referring to the Case law reported as (PLD 1979 BJ 1), wherein it has been observed that the Cooperative organizations founded for mutual economic aid exist in most countries of the world in advance as well in developing countries and in urban as well in rural areas. The cooperative way of doing business takes many forms, ranging from local to centralized and federated organizations, and from highly specialized to multipurpose societies. Her report also talks about the Preambles of both Act as same. She has acknowledged same number of *societies and their types in Punjab and Pakistan as Mr. Muzammil Hussain Jalbani apprised report.* Moreover, she has added the names of cooperative societies in **India**, which are registered under The **Union Ministry of Cooperation**. The names are as under;

- *Cooperative Banks at National Level.*
- *Core Cooperative Society at National Level.*
- *Development Cooperative Banks at National Level.*
- *Consumer Cooperative Societies at National Level.*
- *Worker Cooperative Societies at National Level.*
- *Housing Cooperative Societies at National Level.*
- *National Federation of Industrial Cooperative Limited.*
- *Indian Farmers Fertilizer Cooperative Limited.*
- *Krishak Bharati Cooperative Limited.*
- *All India Federation of Cooperative Spinning Mills Limited.*

- *National Cooperative Dairy Federation of India Limited.*
- *National Heavy Engineering Cooperative Limited.*
- *All India Handloom Fabrics Marketing Cooperative Society Limited.*
- *National Federation of Fishermen's Cooperative Limited.*
- *National Cooperative Tobacco Grower's Federation Limited.*
- *Tribal Cooperative Marketing Development Federation of India Limited.*
- *National Federation of Cooperative Sugar Factories Limited.*
- *National Agricultural Cooperative Marketing Federation of India.*

8. Ms. Saira Sheikh concluded that the Cooperative Societies Act 1925 and the Sindh Cooperative Societies Act 2020, originally **intended** to **support agriculturists** and **individuals** with their common economic needs to improve their living standards through government and cooperative society cooperation, have been applied in a divergent and functional manner in regions other than Sindh. However, in Sindh, the enactment's primary purpose has been overshadowed by the self-interest of a few powerful individuals, resulting in the continued suffering of the people of Sindh, similar to their situation in 1925. This conclusion was reinforced by an official statement made on 19-09-2023, indicating that *no credit or housing societies for agriculturists have been registered under the law to date.*

AGRICULTURE REFORMS SUGGESTED

9. This court also enlightened from the comprehensive research published in **Daily Dawn** dated **27.09.2023**, based on a report, led by **Alexandra Horst** and **Steven Watkins** from the **World Bank** and Food and Agriculture Organization, respectively, and overseen by Loraine Ronchi and Willem Janssen, acknowledges the contributions of a team of experts in the field. These experts include Heman Das Lohano, Mubarik Ali, Khuram Nawaz Sadozai, Inshan Ali Kanji, and Zeeshan Mustafa, who provided background papers. Additionally, David Tuchsneider, Azeb Fissaha, and Amanullah Alamzai served as peer reviewers.

10. The **report** is part of the **Pakistan Agriculture Sector Review**, which *aims* to **enhance** agricultural development and transform Pakistan's agriculture and rural sector. This report is *closely* related to other analytical pieces within the review, such as a **study** on the **Urban**

Food System in Pakistan, which offers policy recommendations for improved urban food systems. Another piece explores rural development in Pakistan, suggesting ways to enhance *productivity* in rural areas.

11. While summarizing the report it needs to be *highlighted*, that it is researched and elaborated briefly that Pakistan's agriculture industry is not performing up to its potential and has to shift its focus from productivity gains to high-value production. Recent data from the **World Bank Group** has shown how important it is for Pakistan to improve its weak business climate, financial inclusion, and low agricultural productivity. On other hand several initiatives are in the works that will boost the expansion of the green and inclusive private sector in Pakistan's agriculture sector, in line with the **World Bank's** development *goals* of boosting *competitiveness* and promoting equality and inclusion. At the moment, the **Sindh Livestock and Aquaculture (LIVAQUA)** Project and the **Punjab Resilient and Inclusive Agricultural Transformation** Project (PRIAT) were in the process of being prepared. Their goals were to:

- i. Overcome unsustainable production practices and low productivity;*
- ii. Address information asymmetries and promote more inclusive market integration;*
- iii. Improve the business-enabling environment; and*
- iv. Strengthen supply chain resilience and reduce the risk of environmental damage. In rural areas, agriculture remains the primary source of income, and the country's urbanization presents significant opportunities for the growth of inclusive sectors, approximately 40% of the workforce is employed in agriculture in Pakistan, which contributes around 20% of the country's GDP. With 37% of the population residing in cities, Pakistan's relative rural migration trends are negligible. Because the farming industry in Pakistan is extremely dispersed, Still the agricultural sector in Pakistan is not reaching its full potential, while agriculture is practiced throughout Pakistan, the majority of crops are produced in the Punjab and Sindh Indus River basin, which accounts for about 80% of the country's total output. The majority of fresh produce is sold to consumers via conventional marketing channels.*

12. An increase in the production of higher-value crops was *spurred* by the rising domestic demand for fruits and vegetables in Punjab, such as fruits and vegetables. With the exception of the potato industry, increased cultivated area rather than increased productivity drove increased production. The Punjab Agriculture Marketing Regulatory

Authority (PAMRA) Act is a *noteworthy* recent reform in produce marketing that attempts to boost competition in agriculture markets.

13. Also, Sindh has seen an increase in the *consumption* of foods derived from animals. Despite this, the majority of consumers still favor unpackaged meat, live chickens, and raw, warm milk. These patterns are exacerbated by the absence of contemporary services and infrastructure along important commodity supply chains. The market linkage lessons from the past are reflected in the feasibility reports for each commodity, and the project experiences that are tailored to enhance smallholders' marketing results are the basis for the suggested project activities that follow. Determine the market opportunities that will direct the next steps in the project. In order to comprehend important topics like market demand, regional production conditions, the business environment, the interests of farmers, traders, and agribusinesses, as well as the farmers' access to business support services like extension advice, support organizations conduct a number of studies.

14. In this report, it is advised that province governments institutionalize market integration work by creating a permanent **Project Management Unit (PMU)**. Units in charge of social mobilization, project implementation, market integration, finance and administration and capacity building would be included in the PMU.

15. The report speaks crucial takeaways from success and failure of approaches recommended in the report are also discussed Market demand should be the basis for the product selection that is promoted. However, demand by itself may not always be enough to ensure that the product is appropriate for all target farmers. The selection of produce should also be taken into account the *location, resources, social structure, education level*, and availability of infrastructure, as well as the size of the farm. The suitability of the land for agriculture, the possibility of pests and diseases, the ability of the farmers to start new businesses, the availability of funding and the ability to use it profitably, technological needs, and the ability of the farmers to adjust to new systems (*e.g., adopting a novel grading system in order to receive premium payments*).

16. **Lastly**, the report suggests the options for registering producer groups in Pakistan which are followed;

1. **SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN:**

The best course of action for producer organizations under the SECP is to register as a public limited company that is not-for-profit. A minimum of Rs 200,000 must be contributed by three promoters in order to apply for a license to form "Associations with Charitable and Not-for-Profit Objects." The promoters register the association as a public limited company in accordance with Section 42 of the Company Act 2017 after obtaining this license. The rules and regulations governing this legal entity, among other things, demand adherence to good governance elements such as appropriate and suitable standards for choosing the promoters and CEO, governance and compliance policies, human resource management, capital expenditure, procurement, investment of funds, borrowing, determination and delegation of financial powers, whistleblower provisions, and health and safety.

2. **COOPERATIVE SOCIETIES ACT:** *The Registrar of Cooperatives in each province's Cooperatives Department is in charge of overseeing cooperative societies. According to cooperative principles, a cooperative society should be formed with its members' economic interests in mind. It is possible to register a cooperative society with or without limited liability. A minimum of fifty members would be required for a producer's society to exist. Societies classified as Resource (credit, goods, and services), Producer (producing and disposing of goods as a collective property), Consumer, Housing, and General are the categories of societies that are allowed under the Act. Dividends may be paid by societies to their shareholders at a maximum rate of ten percent of their total revenue. 25% of the net profit of Resource and Producer Cooperatives must be deposited.*

3. **VOLUNTARY SOCIAL WELFARE AGENCIES ORDINANCE 1961:** *The Social Welfare Agencies ordinances are similar in every province. The Social Welfare Officers of the Social Welfare Directorate register social welfare agencies.*

Every organization must keep accurate financial records and issue an annual report. The report contains details about the agency's overall management, the program for the upcoming year, audited accounts, and the kind and scope of services provided, if possible, backed by numbers. As soon as the Annual Report is published, a copy is sent to the Registration Authority.

Among the three existing options for agricultural producer group registration previously described, registration with the SECP is advised for the following reasons:

- i. It follows a strict set of regulations that are applicable to all public limited companies.*
- ii. It lowers the possibility of financial fraud and misconduct by requiring a high degree of transparency and disclosure.*
- iii. It is capable of effectively regulating both public and private limited companies.*

4. **WATER USER ASSOCIATION (WUA):** *If the majority of irrigators along a watercourse agree to associate in the reconstruction, maintenance, or improvement of such a watercourse, a WUA may be established under the On-Farm Water Management and Water User Associations Ordinance 1981 of the Government of Punjab. The irrigators shall fill out and deliver an application in the required format to the Field Officer. If the WUA has a scheduled bank account and 51 percent of the watercourse's irrigators are members, an association may be established. With perpetual succession, a common seal, and the ability to hold property, enter into contracts, file and defend lawsuits and other legal actions, the WUA will be registered as a corporate body.*

17. Taking stock of the report, we can ascertain that it *spotlights* regarding **acute** need for Pakistan's **agriculture** sector to transition towards *high-value production, address market integration challenges, and promote inclusive growth*. It provides a comprehensive overview of the current landscape and *offers recommendations for improving the sector's dynamics*, with an emphasis on market integration and the role of producer organizations and to uplift the agriculturalist(s) and society depends on agriculturalism.

18. **Cooperative farming societies**, are agricultural organizations where farmers *collectively work together* to improve their agricultural practices, share resources, and access various benefits. *These societies are managed and controlled through a democratic structure that empowers their members*. Exposition of the management and control of cooperative farming societies, along with their types and functions are given as under;

"Management and Control of Cooperative Farming Societies":

- i. **Democratic Structure:** Cooperative farming societies typically follow a democratic structure where every member has a say in decision-making. Members elect a board of directors or management committee to oversee the day-to-day operations and make strategic decisions. These leaders are accountable to the general assembly, where all members have the opportunity to voice their opinions and vote on important matters.
- ii. **Membership Requirements:** To become a member of a cooperative farming society, individuals usually need to purchase shares or make a financial contribution, which grants them the right to participate in the society's activities, share in profits, and have a voice in its governance.
- iii. **Profits and Benefits:** The profits generated by the cooperative are distributed among members based on their level of participation, often in proportion to the amount of resources (land, labor, or capital) each member contributes. This

equitable distribution of profits helps improve the socio-economic condition of the members.

- iv. **Resource Pooling**: Members pool their resources, such as land, machinery, and labor, to optimize efficiency and reduce costs. This sharing of resources allows farmers to collectively invest in better agricultural equipment and infrastructure.
- v. **Access to Markets**: Cooperative farming societies often provide members with better access to markets. By aggregating their produce, they can negotiate better prices with buyers and reach a wider customer base.

“Types of Cooperative Farming Societies:”

- (i) **Agricultural Production Cooperatives**: These cooperatives focus on increasing agricultural productivity. Members jointly cultivate and harvest crops, raise livestock, or engage in various farming activities. By sharing resources and knowledge, they enhance the quality and quantity of their agricultural output.
- (ii) **Processing and Marketing Cooperatives**: These cooperatives are involved in processing, packaging, and marketing agricultural products. They add value to raw agricultural goods and help members access better markets for their processed products.
- (iii) **Credit and Savings Cooperatives**: Many agricultural cooperatives also operate credit and savings services. They provide members with financial support, including loans, to purchase agricultural inputs or improve their farming operations. The savings component encourages members to save and build financial stability.
- (iv) **Irrigation Cooperatives**: In regions with limited water resources, these cooperatives manage and maintain irrigation systems, ensuring that members have access to a consistent water supply for their crops.
- (v) **Land Development Cooperatives**: These cooperatives aim to collectively develop and manage agricultural land, often for landless or marginalized farmers. They assist members in land acquisition, preparation, and cultivation.
- (vi) **Livestock and Poultry Cooperatives**: Focused on animal husbandry, these cooperatives help members raise and market livestock and poultry efficiently. They may also be involved in providing veterinary care and improving breeding practices.

“Functions of Cooperative Farming Societies:”

- (a) **Risk Mitigation**: By pooling resources and sharing risks, cooperative farming societies help members cope with unforeseen

challenges like crop failures, natural disasters, or price fluctuations.

- (b) **Technology Adoption:** Cooperatives often facilitate the adoption of modern agricultural techniques and technologies. They can collectively invest in machinery, training, and research to enhance productivity.
- (c) **Empowerment:** Cooperative farming societies empower small and marginalized farmers by providing them with the opportunity to access resources and markets that would be challenging to achieve individually.
- (d) **Economic Viability:** These societies improve the economic well-being of their members by ensuring fair prices for their produce and efficient utilization of resources.
- (e) **Sustainable Agriculture:** Many cooperative farming societies promote sustainable farming practices that protect the environment and maintain soil and water quality.
- (f) **Community Development:** Cooperative farming societies contribute to rural development by creating employment opportunities, improving infrastructure, and supporting local communities.

19. In conclusion, cooperative farming societies play a vital role in the agricultural sector by fostering cooperation, resource sharing, and collective decision-making among farmers. Their democratic structure ensures that the benefits of agriculture are distributed equitably among members, and their diverse types and functions cater to the various needs of farmers in different regions and contexts. These societies not only *enhance agricultural productivity* but also *contribute to the overall development of rural communities*.

BRIEF HISTORY OF COOPERATIVE INITIATIVE

20. The **first** cooperatives were established in **Europe** to help the region's credit-starved citizens as an independent, self-managed people's movement with no involvement from the government. To lessen the suffering of the poor farmers, especially the harassment by *moneylenders*, British India *imitated* the **Raiffeisen**¹-style cooperative movement in India. When the farmers of Pune and Ahmed Nagar led a protest against money lenders, the phrase "*Cooperative societies*" was coined. The first credit cooperative society was formed in Banking in the year **1903**, with

¹<https://tigerandpalmtree.com/indian-cooperation/>

the support of the Government of Bengal. The Cooperative Credit Societies Act of India was enacted in 1904. In 1912, another Cooperative Societies Act was passed to *rectify* some of the *drawbacks* of the earlier law. Cooperation became a State subject in 1919. Land Mortgage Cooperative Banks were established in 1938 to provide loans initially for debt *relief* and land improvement. Reserve Bank of India started refinancing cooperatives for *Seasonal Agricultural Operations* in 1939. The *Multi-Unit Cooperative Societies Act* was passed by the government of British India in 1942 to address cooperative societies with members from more than one province. In order to understand the intention of the legislature in its true *perspective*, it would be expedient to examine the **debates**² of the Bombay Legislative Council on the **Bill** to consolidate and amend the law relating to Cooperative Societies in the Presidency of Bombay (Bill No.XIV of 1924), presented by **Mr. A. M. K. DEHLAVI**, he highlighted the three key features of the bill by elucidating some of points which had come into debate to bring in notice of Government, by different *co-operative societies*, by *co-operative conferences*, the *central co-operative institute* and by *non-official aristocrats concerned in the movement*. Hence, the bill presented to for three significant matters i.e **Firstly**, a distinct, classification of the various societies whose objects, finance, and methods of working are different has been made. **Secondly**, a clear-cut system of winding up, liquidation and dissolution of societies on the analogy of the Indian Companies Act, 1923, has been introduced. **Lastly**, provision desired by a majority of co-operators in this Presidency for the summary recovery of dues in arbitration cases through the revenue authorities has been made. This opportunity has been taken also for the remodeling of some of the sections and bring them on the basis of co-operation in its present light.

21. Moreover, **Rao Saheb D. P. DESAI**³ in his address, suggested some amendments in line of *co-operative movement*, which was basically started for providing low-priced money and for removing the heavy indebtedness of the raiyat. He also highlighted importance of the bill being directly and indirectly related for the financing of the vast rural areas and considered the same as a best opportunity to amend the bill by reform Council and suggested amendment in its preamble as follows:-

² Bombay Legislative Council Debates, Monday, July 21, 1924.

³ Debate of Rao Saheb D. P. Desai (Kaira District).

(1) Delete all the words between "whereas" in the first line and "whereas" in the tenth line of the preamble and insert instead the following words:-

"It is expedient further to facilitate the formation and working of co-operative societies with a view that they might serve to bring about better living, better business, and better methods of production for the agriculturists and other persons with common economic needs, and whereas it is necessary for that purpose to enable Government to render effective aid to co-operative societies and"

22. Whereas, **Mr. S. S. DEV**⁴ (West Khandesh District) after a thought-provoking debate and discussion proposed the amendment in the preambles for acceptance of the by the Council as under:

"Whereas it is expedient to facilitate the formation and working of co-operative societies for the promotion of thrift, self-help and mutual aid among agriculturists and other persons with common economic needs and thus to bring about better living, better business and better methods of production for them and whereas it is necessary for that purpose to enable Government to render effective aid to co-operative societies and" and so forth.

23. Likewise, before passing Bill No.XIV of 1924 by Presidency of Bombay (at that time Sindh was part of Bombay Presidency), Mr. Muhammad Ayub Shah Muhammad Khuhuro⁵ in support of his speech concluded in following words:-

"The other advantage that agriculturist have derived out of this moment is that they have learnt the method of working together and co-operating with one another. At present the number of co-operative societies in Sindh has reached 600 nearly, though only six years have been passed since their introduction there. But i daresay the moment has taken a very firm root and is very much appreciated by the agriculturists. I would request the Honourable Minister in charge to take more interest in this movement and to see that it develops more and more, and i hope my suggestions will be taken into consideration. With these few remarks, Sir, I have great pleasure in supporting the first reading of the bill"

24. Whereas, there were petitions also brought in respect of the Cooperative Societies Act, 1925 and amendments made therein time to time. Recently Supreme Court of India in the case of **Union of India (UOI) Vs. Rajendra N. Shah**⁶, decided on 20.07.2021, has highlighted the historical background of the Act in following words:

⁴ Amendment proposed by Mr. S. S. Dev (West Khandesh District).

⁵ Debate of Mr. Muhammad Ayub Shah Muhammad Khuhuro (Larkana District).

⁶www.manupatra.com 28-09-2023 (Page 1 of 62)

The co-operatives movement in India can be legislatively traced to two British Acts, namely, the Cooperative Societies Act, 1904 and the Co-operative Societies Act, 1912. Under the Government of India Act, 1919, the subject 'co-operative societies' was contained in entry 13 of the Provincial list. This was continued by the Government of India Act, 1935, 'co-operative societies' being contained in entry 33 of the Provincial list. This was then further continued by the Constitution of India, this time the same entry falling within Schedule VII List II, i.e., the State List as a part of entry 32 thereof. It is therefore important at this stage to set out the constitutional scheme insofar as it applies to co-operative societies.

25. Moreover, the Ninety Seventh Amendment Act, 2011 in constitution of India Constitution was passed. Wherein the Statement of Objects and Reasons given as follows:-

*The co-operative sector, over the years, has made significant contribution to various sectors of national economy and has achieved voluminous growth. However, it has shown weaknesses in safeguarding the interests of the members and fulfillment of objects for which these institutions were organized. There have been instances where elections have been postponed indefinitely and nominated office bearers or administrators remaining in-charge of these institutions for a long time. This reduces the accountability of the management of co-operative societies to their members. Inadequate professionalism in management in many of the co-operative institutions has led to poor services and low productivity. **Co-operatives need to run on well-established democratic principles and elections held on time and in a free and fair manner.** Therefore, **there is a need to initiate fundamental reforms to revitalize these institutions in order to ensure their contribution in the economic development of the country and to serve the interests of members and public at large and also to ensure their autonomy, democratic functioning and professional management.***

COOPERATION GENERALLY

26. The word "Co-operation" in its literal sense explained in various dictionaries including in famous Merriam Webster⁷ explained "**to act or work with another or others: act together or in compliance**" Its meaning also given as "*to associate with another or others for mutual benefit*". Similarly, in Oxford⁸ dictionary it is explained as "*the fact of doing something together or of working together towards a shared aim*"

- *They offered their cooperation on the project.*
- **in cooperation with somebody** a report produced by the government in cooperation with the chemical industry

⁷<https://www.merriam-webster.com/dictionary/cooperate>

⁸https://www.oxfordlearnersdictionaries.com/definition/american_english/cooperation.

- *cooperation between A and B* We would like to see closer cooperation between parents and schools.

Whereas, different scholars have elaborated the **concept of Co-operation** in their *literary papers* by illuminating to readers about **concept, import and need of co-operation as Mr. Alaa M. Khamisetl** with other scholars in their joint paper⁹ **published in year 2006, elaborated as follows:-**

*Linguistically, cooperation refers to the practice of people or entities working together with commonly agreed-upon goals and possibly methods, instead of working separately in competition. Freeman and Herron classified the social interactions into four categories: Cooperation (or Mutualism), Altruism, Selfishness and Spite [2]. They defined cooperation as term for actions that results in fitness gains for both participants, altruism as situation in which the individual instigating the action pays a fitness cost and the individual on the receiving end benefits while selfishness is the opposite: the actor gains and the recipient loses, and finally spite as a term for behavior that results in fitness losses for both participants. Tuomela defined cooperation as a collective activity of two or more agents cooperating in order to achieve their ends or their shared collective end [3]. Giraldeau and Caraco argue that **cooperation implies that an action increases the payoff to one or more other individuals; the actor's payoff may increase or decrease** [4]. In the context of multirobot systems, cooperation has been defined as a situation in which several robots operate together to perform some global task that either cannot be achieved by a single robot, or whose execution can be improved by using more than one robot, thus obtaining higher performances [5].*

27. This paper concluded with the observations that “Nature is the ultimate source of inspiration for computational systems. Cooperative behaviors of living things have been sources of inspiration for many algorithms and models such as combinatorial optimization algorithms, graph exploration, decentralized cooperative transport, distributed clustering, collective sorting and decentralized construction management”

28. Besides, various **Cooperative** organizations & **associations** established e.g International Co-Operative Alliance, as a global confederation of cooperative organization. It was associated in 1895, having its headquarters in London, with affiliation of **century 203** bodies, spread over **82** various countries, comprising on **662** million members at basic level. It was functional on the financial contribution of its members¹⁰. Its main values were (i) **self-help**, (ii) **self-** (iii) **responsibility**,

⁹: <https://www.researchgate.net/publication/4262413> Cooperation: Concepts and General Typology Conference Paper · November 2006 DOI: 10.1109/ICSMC.2006.384929 · Source: IEEE Xplore

¹⁰<https://www.icaap.coop/pages/history-ica>

(iv) **democracy**, (v) **equality**, (vi) **equity**, (vii) **solidarity**. Whereas, in the custom of their founding members, believes in the moral values of trustworthiness, sincerity, openness, social responsibility and caring for others¹¹.

ISLAMIC CONCEPT OF CO-OPERATION:

29. Being Muslim one cannot oversight the concept of working together, helping others revealed through Holy Prophet in Shape of versus of Holy Quran, Ahdith and eminent religious scholars and personalities. The word **cooperation** in Islam is known as **Muwasaat**¹², which means helping brethren in Islam, and encompassing substantial care to them. The concept behind Muwasaat in Islam is to play vibrant role in the well being of depressed classes.

Allah □ says: **“And cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty.”** [Al-Ma'idah, 5:2]

Sunnah offers you cooperation in good acts and charity.

“**Muwasaat**” means helping brothers in Islam and *extending* material support to them. It has a great importance in religion due to the reason that it plays a vital role in the betterment of depressed classes and creates feeling of love amongst Muslims. It is considered as an essential virtue of every Muslim and brings divine blessings in return.

30. The Holy Prophet in one of his testaments to `Ali Ibn Abi Talib (a.s.) said:

The most commendable are three deeds:- First is *being just to the people even against yourself*. **Secondly, cooperation** and material help to (Muslim) brothers. Thirdly, remembrance of Allah in all circumstances.2

Allah praises their sacrifice in these words:

And they give (others) preference over themselves, even though poverty be their own lot . . . (Qur'an, 59:9)

¹¹ Military accounts cooperative Housing Society Vs Secretary to Government of the Punjab (PLD 2016 Lahore 223)

¹²<https://www.al-islam.org/fraternity-and-cooperation-islam/cooperation-muwasaat-islam>

And hold firmly to the rope of Allah all together and do not become divided. And remember the favor of Allah upon you¹³ – when you were enemies and He brought your hearts together and you became, by His favor, brothers [Qur`an 3: 103].

COOPERATION: CAPITALISM, SOCIALISM & COMMUNISM.

31. The concepts of **cooperation** are divine and oldest one even the concept brought by the west regarding working *conjointly* for welfare and well-being of the community with mutual *understanding* and cooperation. There are different theories and concepts of cooperation with relation to economies with perspective of *capitalism*, *socialism* and *communism* which has been debated since long, overall the concepts are different and their principles and outcomes are contrary to each other¹⁴. Not to mention, in a capitalistic economy only one-party gains and other loses as it depends on the balance of supply and demand, in contrast cooperatives aim to harmonize supply and demand without considering the gain or loss.

COOPERATIVES AS SUPPORTER OF CAPITALISM.

32. In Russia under the previous Communist regime, cooperatives were regarded as supporters of capitalism and were not allowed to grow. Production and demand are in balance in a capitalist system, and suppliers compete with one another, yet this competition can result in monopolies and overproduction. A product's price declines when it is produced in excessive amounts, which damages suppliers and may result to job losses, unemployment, labour problems, and even lockouts. Both *under production* and *over production* are possible risks to *capitalism* that could lead to social unrest. This criticism of capitalism is consistent with **Marx's** viewpoint. The Cooperatives, on the other hand, aim to ensure that they provide what is required by matching supply with demand. For instance, a cooperative store fulfils member requests without prioritizing traditional profit because any extra money made can be given back to the members. Even in *monopolistic* positions, cooperatives avoid raising prices and taking advantage of their members because these actions go against their basic principles. Cooperatives solve the flaws in capitalism and protect human existence, freedom of choice, and initiative elements

¹³<https://in.pinterest.com/pin/473722454559643942/>

¹⁴ <http://publici.ucimc.org/2018/02/cooperatives-and-socialism/>

that communism may undermine by constantly balancing supply and demand.

COOPERATIVE & SOCIALISM

33. According to Socialism, "the State should own, operate and distribute all the productive resources of a Community and restrict private ownership to article of consumption only". Karl Marx, the founder of scientific socialism, believed that capitalism would provide the circumstances for socialism to take its place. Wealth is concentrated in fewer bands in a capitalist system of governance. A manufacturer receives a higher price for his product, while labourers who provide value to it with their labour only receive salaries at a competitive rate. The manufacturer appropriates the excess or profit and denies any identifiable portion to the labour that has a rightful claim to it. In a capitalist economy, this usurpation is considered exploitation. Similar to this, many socialist schools, such as State Socialists, Guild Socialists, Revolutionary Socialists, Fabian Socialists, etc., have advanced a number of theories. Even though they have different opinions, all socialists agree to the same basic principles and values. The first is that the state should collectively own all tools of production instead of allowing private property ownership. Second, a central authority that would regulate production and end competition should take the place of the current competitive system. In a socialist society, everyone would have access to work and be paid according to aptitude, but everyone would have equal opportunities to succeed in life. Private ownership would only be allowed for residential homes, furniture, and other consumer products.

34. The apparent resemblance between cooperation and socialism is that both seek to replace capitalism with a new system in which the pursuit of profit would give way to the pursuit of service, with the goal of maintaining the social and economic well-being of humankind as their ideal. Both are against the idea of individuality, which is fundamental to capitalism. The cooperative movement is regarded by some socialists as a crucial component of a movement that will ultimately result in a socialist economy. However, they also believed that the cooperative movement had its own boundaries and that, once these were reached, the state or municipalities, which were founded with a different philosophy, should take precedence over the cooperative sector.

COOPERATION AND COMMUNISM

35. Thanks to the influential writings of Karl Marx and Friedrich Engels, communist doctrine emerged as a rival to capitalism. Since the Industrial Revolution and the establishment of the factory system, capitalism has been emphasised and demonstrated its negative effects. Communism is the most extreme kind of socialism. Communism is State Socialism, as it was practised in the Soviet Union during the Stalinist era, with the intent of using force to establish and maintain a political dictatorship. However, in a capitalist system, the majority of workers become wage earners who are dependent on this relatively small group of capitalists, while a relatively small number of people achieve personal and private gains.¹⁵

36. This inclination of capitalists explains why the poor and dissatisfied reject capitalism, perceiving Communism as an ideology that seeks to uplift the wealthy and eliminate inequality in wealth. Originating almost simultaneously in 1844, cooperation represents a moderate approach between the extremes of capitalism and communism. Unlike communism, it acknowledges private property while doing away with capitalism's excessive profit motive.¹⁶

PREVAILING COOPERATIVE REGIME IN SINDH PROVINCE

37. Notwithstanding, above the "*Cooperative Societies*" are included in entry **No.31**, of the Federal Legislative List, **Part-I** [Fourth Schedule], of the **Constitution** of Islamic Republic of Pakistan, **1973**. However, on introduction of **Eighteenth Amendment** in the Constitution, as per **Article 141**, which stipulates that, subject to the Constitution, *a Provincial Assembly was specifically empowered to make laws for the Province or any part thereof*. In exercise of powers *ibid* conferred the Government of Sindh promulgated the "**Sindh Cooperative Societies Act**", **2020** by repealing the erstwhile Cooperative Societies Act, 1925. The preamble of the repealed Cooperative Societies Act, 1925 reads:-

¹⁵ Karl Marx's Economic and Philosophic Manuscripts of 1844.

¹⁶ Karl Marx's Economic and Philosophic Manuscripts of 1844 (Private Property and Communism) Preface and Table of Contents- Human Needs and Division of Labour Marx-Engels Archive.

“Preamble.- Whereas it is expedient to provide for the formation, registration and regulation of cooperative societies for the promotion of thrift, self-help and mutual assistance amongst agriculturist or other persons with common economic or social interests and for achieving better standards of living and for the matters incidental thereto; It is hereby enacted as follows:-”

Similarly, the preamble of the Sindh Cooperative Societies Act, 2020 has not been amended which stipulates almost same objectives as follows:

“It is expedient further to facilitate the formation and working of co-operative societies for the promotion of thrift, self-help and mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production and for that purpose to consolidate and amend the law relating to co-operative societies in the Province of Sindh”.

38. The prime aim and object of the *Sindh* Cooperative Societies Act, 2020 as well as the repealed Cooperative Societies Act, 1925 was to promote the thrift, self-help and mutual aid amongst the agriculturists and poor people with common economic needs so as to bring about better living, better business and better methods of production but main aim, object and purpose of the Act, 2020 has been obliterated.

39. Accordingly, the legal issue, as framed “Needless to mention that a bare perusal of Act, 1925 shows that act was not mainly meant for housing schemes, though this was only one aspect, whereby a segment of societies/persons pertaining to agriculture sector, having low income, were required to be facilitated through former (farmer) organizations and even banks were established for the loaning purpose to uplift them and housing aspects for them were linked with that object and not in isolation.” is declared as “Affirmative.”

40 Besides, the entire history of legislation speaks that cooperative societies meant to help out of agricultural societies and uplift poor people and marginalized segments and this was not meant for housing societies for affluent and influential persons, as understood by the department of Sindh Government. Further, Housing Societies was/is a small component of societies those qualify to be registered for economic activities, serving lower-income communities.

41. The **agriculture** is backbone of the economy of country in general in *Sindh* Province in particular. It is the primary **source** of *food, income,*

livelihood and *employment* for the majority of the population. It has a significant impact on the overall economic growth of the province. It is crucial to ensure sustainable development for the benefit of the province and its people. **Section 118** of the Sindh Cooperative **Societies Act, 2020** empowers the Government of Sindh to make rules for the whole or any part of the Province and for any society or **class** of **societies**, make rules to carry out the purposes of the Act, **2020**.

42. The establishment of cooperative societies in Pakistan and South Asia, as in many parts of the world, is rooted in the fundamental essence of fostering socio-economic development, community empowerment, and equitable distribution of resources. The primary purposes and essence of these cooperatives are as follows:

- (i) **Poverty Alleviation**: Cooperative societies aim to address poverty by providing marginalized and economically disadvantaged communities with access to resources and opportunities. By pooling resources and collectively engaging in economic activities, cooperatives can help uplift the living standards of their members.
- (ii) **Empowerment of Marginalized Communities**: In Pakistan and South Asia, where socio-economic disparities are prevalent, cooperatives play a vital role in empowering marginalized and underprivileged communities. They offer a platform for individuals, especially those in rural areas, to access resources, financial services, education, and markets that might otherwise be out of reach.
- (iii) **Agricultural Development**: Given the predominance of agriculture in these regions, agricultural cooperatives are central to boosting the agricultural sector. They provide small-scale farmers with the means to share resources, modernize their farming techniques, and access markets, leading to increased productivity and income.
- (iv) **Rural and Urban Development**: Cooperative societies are instrumental in both rural and urban development. In rural areas, they help in infrastructure development, education, healthcare, and access to clean energy. In urban centers, cooperative housing societies provide affordable and organized housing solutions.
- (v) **Financial Inclusion**: Credit and savings cooperatives promote financial inclusion by offering members access to affordable loans and secure savings options. This empowers individuals to invest in their businesses, education, and healthcare.

- (vi) **Collective Bargaining Power**: Cooperative societies, particularly in the agricultural sector, provide farmers with collective bargaining power. This enables them to negotiate better prices for their produce and purchase agricultural inputs at lower costs.
- (vii) **Community Building and Social Cohesion**: Cooperatives promote community building and social cohesion by bringing people together with common interests. Members collaborate, share knowledge, and support one another, creating strong bonds within the community.
- (viii) **Sustainable Practices**: Cooperative societies often emphasize sustainable and environmentally friendly practices. By promoting responsible resource management and eco-friendly techniques, they contribute to environmental preservation and sustainable development.
- (ix) **Economic Self-Reliance**: The essence of cooperative societies in South Asia, particularly in countries with agrarian economies, is to reduce dependency on external entities and promote economic self-reliance. By working together, members aim to meet their needs and reduce reliance on intermediaries or external providers.
- (x) **Social Justice and Equity**: Cooperatives operate on democratic principles, ensuring that each member has an equal voice and equal benefits. They strive to create a more just and equitable society by reducing income inequality and addressing social disparities.

43. In South Asia, the establishment of cooperative societies is deeply ingrained in the region's economic and social fabric. These cooperatives reflect the essence of collective effort, community-based solutions, and sustainable development. They are instrumental in addressing the challenges of poverty, unequal resource distribution, and limited access to services, contributing to the overall well-being of the population in these countries.

44. Moreover, recent promulgation, i.e. **THE SINDH CO-OPERATIVE SOCIETIES ACT, 2020**, wherein **subsection (p)** of **Section 2 of definitions** clause, provides and as such recognizes the following **nature of Co: Operative Societies**, in the Province of Sindh;

P. (1) "**resource society**" means a society formed with the object of obtaining for its members the credit, goods or services required by them;

(2) "**producer's society**" means a society formed with the object of producing and disposing of goods as the collective property of its

members and includes a society formed with the object of the collective disposal of the labour of the members of such society;

(3) "consumers society" means a society formed with the object of obtaining and distributing goods to or of performing services for its members, as well as to other consumers and of dividing among its members and customers in a proportion prescribed by the rules or by the bye-laws of such society, the profits accruing from such supply and distribution;

(4) "housing society" means a society formed with the object of providing its members with dwelling houses on conditions to be determined by its by-laws;

(5) "general society" means a society not falling under any of the four classes abovementioned;

45. Nevertheless, to achieve the very *goals* and *purposes* of cooperative societies, various measures can be taken, *emphasizing economic, social, and community development*. Cooperative societies are established to promote collective well-being, equitable resource distribution, and sustainable practices of the agriculture based communities.

46. If these measures, when implemented effectively, can help cooperative societies fulfill their intended goals and purposes, improving the socio-economic well-being of members and contributing to community development and empowerment. Cooperation, transparency, and responsible management are key principles in achieving the success of cooperative societies.

Before parting with the order, the valuable assistance and research on the part of the amicus i.e. M/s. Abbadul Hasnain, Muzamil Hussain Jalbani, Akash Gehani, Muhammad Hanif Samma, Ms. Sara Malkani and Ms. Saira Shaikh Advocates, Aziz-ur-Rehman Akhund advocate, Mr. Zafar Imam advocate, and Mr. Ali Zardari, AAG and learned counsel(s) for the respective parties is highly appreciated.

FUTURE COURSE

47. For the foregoing reasons, the Chief Secretary Sindh shall constitute a **high-level committee** comprising on prominent economists, Agriculturist, Philanthropist, Bankers and from development sector to

Appellant : M/s. Meerut Cooperative Housing Society Ltd

Vs.

Respondents : Shahid Akhtar Qureshi and others.

Page 28 of 28

ensure **implementation** of the Sindh Cooperative Societies Act 2020 in its *letter and spirit* and amend the **Rules, 2020** in view of the observations made here-in-above in order to meet with the main **objects, scheme and purposes of the Sindh Cooperative Societies Act, 2020 to the promotion of thrift, self-help and mutual aid amongst the agriculturists, small farmers, labours and poor people with common economic needs so as to bring about better living, better business and better methods of production preferably the model adopted by the Punjab Province shall be taken as example at the first phase. Secretary Cooperative Department shall ensure that Act 2020 and this judgment shall be widely circulated enabling the deserved persons to have the fruit of this Act unfortunately same is not received by the persons for what this Act was promulgated, in a century since 1925 under a philosophy.**

48. At this juncture, judicial propriety demands directions to the Chairman Federal and Sindh Higher Commission and the Secretary Board and Universities shall ensure the introduction of Bachelor(s) and Master(s) programs in Cooperative Societies in all general universities. This initiative should be in line with practices in countries likewise Germany, the United Kingdom, Philippine and India, where these subjects are part of the higher education curriculum.

48. Secretary Law, Government of Sindh shall ensure that rules are framed within the spirit of Cooperative Societies Act, 2020 as discussed above.

Office:-

This judgment shall be communicated to all concerned department through Advocate General Sindh for compliance as well as all Judges of District Judiciary in Province of Sindh.

Learned Registrar shall ensure translation of this judgment into Urdu & Sindhi languages and shall ensure its uploading on the High Court website.

JUDGE