

LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 25 OF 1992  
ON  
COOPERATIVE

WITH THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considers : a. that the Cooperative Societies, either as peoples economic movement or as business enterprises, participate to realize an advanced, just and prosperous society under Pancasila and the 1945 constitution in a national economic system organized as a joint endeavor based on the principle of brotherhood and economic democracy;
- b. that the Cooperative Societies need to further develop themselves and to be developed to become strong and self-reliant based on cooperative principles so that they are able to play the role as the pillar of national economy;
- c. that Cooperative Society development is the task and responsibility of the Government and all the people;
- d. that to realize the things mentioned above and to adapt to the development of the situation, it is necessary to re-regulate the provisions regarding cooperative in a law as a substitute of the Law Number 12 of 1967 on Basic Regulations for Cooperatives;
- Observing : Article 5 section (1), Article 20 section (1), and Article 33 of the 1945 Constitution;

With the approval of  
THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA  
HAS DECIDED

To enact : LAW ON COOPERATIVES.

CHAPTER I  
GENERAL PROVISIONS

Article I

In this law:

1. Cooperative Society means a business enterprise having individuals or registered Cooperative Societies as members of which activities are based on cooperative principles and simultaneously as a people's economic movement based on the principle of brotherhood.
2. Cooperative means anything that concerns the life of Cooperative Societies.
3. Primary Cooperative Society means a Cooperative Society established by and having individuals as its members.
4. Secondary Cooperative Society means a Cooperative Society established by and having Cooperative Societies as its members.
5. Cooperative movement means the totality of the cooperative organizations and concerted organized cooperative activities working toward the achievement of cooperative common goals.

CHAPTER II  
FOUNDATION, BASIS, AND OBJECTIVES

Part one  
Foundation and Basis

Article 2

The Cooperative Society is founded on Pancasila and the 1945 Constitution and based on the principle of brotherhood.

Part Two

Objective

Article 3

The Cooperative Society has the objectives to improve the members' welfare in particular and that of the society in general and to participate in developing the national economic system in the framework of realizing an advanced, just, and prosperous society based on Pancasila and the 1945 Constitution.

CHAPTER III

FUNCTIONS, ROLES, AND PRINCIPLES OF COOPERATIVE  
SOCIETY

Part One

Functions and Roles

Article 4

The functions and roles of the Cooperative Society are:

- a. to build and develop the economic potential and capability of the members in particular and that of the society in general as to improve their economic and social welfare;
- b. to participate actively in the effort to raise the quality of human life and that of the society;
- c. to strengthen the people's economy as a basis of the national economic strength and resilience with the cooperatives as its pillar;
- d. to strive for realizing and developing national economy which is a joint endeavor based on the principle of brotherhood and economic democracy.

Part Two

Principles of Cooperative Society

Article 5

- (1) The Cooperative Society implements the following cooperative principles:

- a. membership is voluntary and open;
  - b. the management is carried out democratically;
  - c. the distribution of surplus is done justly in proportion to the amount of the business contribution of each of the members;
  - d. the payment of limited return on capital;
  - e. self-reliance.
- (2) In developing the Cooperative Society, it implements the following cooperative principles as well:
- a. cooperative education;
  - b. cooperation among Cooperative Societies.

## CHAPTER IV ESTABLISHMENT

### Part One Requirements of Establishment

#### Article 6

- (1) A Primary Cooperative Society is established by at least 20 (twenty) persons.
- (2) A Secondary Cooperative Society is established by at least 3 (three) Cooperative Societies.

#### Article 7

- (1) The establishment of a Cooperative Society as referred to in Article 6 is done by means of determining a deed of establishment containing the Articles of Association.
- (2) The Cooperative Society has the domicile in the territory of the Republic of Indonesia.

#### Article 8

The Articles of Association as referred to in Article 7 section (1) contains at least:

- a. the list of names of the incorporators;
- b. the name and domicile;
- c. the purpose and objectives and field of business;

- d. the provisions regarding membership;
- e. the provisions regarding Members' Meeting;
- f. the provisions regarding management;
- g. the provisions regarding capital;
- h. the provisions regarding duration of existence;
- i. the provisions regarding distribution of surplus;
- j. the provisions regarding sanctions.

## Part Two

### Legal Body Status

#### Article 9

The Cooperative Society acquires a legal body status after the endorsement of its deed of establishment by the Government.

#### Article 10

- (1) To acquire endorsement as referred to in Article 9, the incorporators submit a written request attached with the deed of establishment.
- (2) The endorsement of the deed of establishment is given within at the longest 3 (three) months after receiving the endorsement request.
- (3) The endorsement of the deed of establishment is notified in the State Bulletin of the Republic of Indonesia.

#### Article 11

- (1) In the event that the endorsement request of the deed of establishment is refused, the reasons of refusal is being notified to the incorporators in written form, at latest 3 (three) months after the request has been received.
- (2) Upon the refusal of endorsement the incorporators can submit a repeated request at the latest 1 (one) month after receiving the refusal.
- (3) The decision about the submission of the repeated request is given at the latest 1 (one) month since the receipt of the submitted repeated request.

#### Article 12

- (1) Amendment to the Articles of Association is made by the Members' Meeting.
- (2) Upon amendment to the Articles of Association concerning amalgamation, division, and change of the field of business of the Cooperative Societies, the endorsement is requested to the Government.

#### Article 13

Provisions regarding the requirements and procedure of the endorsement or refusal of the endorsement of the deed of establishment, and amendment to the Articles of Association as referred to in Article 9, Article 10, Article 11, and Article 12 will further be regulated by a Government Regulation.

#### Article 14

- (1) For the sake of development and/or business efficiency, one Cooperative Society or more can:
  - a. amalgamate with other Cooperative Society; or
  - b. merge with other Cooperative Society to establish a new one.
- (2) The amalgamation or merger is done with the approval of the Members' Meeting each Cooperative Society.

### Part Three

#### Form and Type

#### Article 15

A Cooperative Society can have the form of a primary or a secondary Cooperative Society.

#### Article 16

The type of a Cooperative Society is based on the similarity of activities and economic interests of its members.

CHAPTER V  
MEMBERSHIP

Article 17

- (1) The members of a Cooperative Society are the owners of the Cooperative Society and simultaneously users of its services.
- (2) Membership of a Cooperative Society is registered in the membership register.

Article 18

- (1) Anyone can become a member of a Cooperative Society is each Indonesian citizen that is capable to perform legal action or a Cooperative Society, which fulfils the requirements as determined in the Articles of Association.
- (2) A Cooperative Society can have associate members of which the requirements, right, and obligations are determined in the Articles of Association.

Article 19

- (1) The membership of a Cooperative Society is based on the similarity of economic interests in the cooperative business field.
- (2) The membership of a Cooperative Society can be obtained or terminated after the requirements as regulated in the Articles of Association fulfilled.
- (3) The membership of a Cooperative Society cannot be transferred.
- (4) Each member has similar obligations and right toward the Cooperative Society as regulated in the Articles of Association.

Article 20

- (1) Each member has the obligations:
  - a. to observe the Articles of Association and decisions agreed in the Members' Meeting;

- b. to participate in the business activities carried out by the Cooperative Society;
  - c. to develop and maintain togetherness based on the principle of brotherhood.
- (2) Each member has the rights
- a. to attend, express his opinion and give a vote in the Members' Meeting.
  - b. to elect and/or be elected to become a member of the Board of Management or Committee of Supervision;
  - c. to request the holding a Members' Meeting according to the provisions in the Articles of Association.
  - d. to express an opinion or given a suggestion to the Board of Management outside the Member's Meeting both requested and not;
  - e. to utilize the Cooperative Society and receive equal services among fellow members;
  - f. to acquire information on the development of the Cooperative Society according to the provisions in the Articles of Association.

## CHAPTER VI ORGANIZATIONAL ORGANS

### Part One General

#### Article 21

Organizational organs of a Cooperative Society consists of

- a. Members' Meeting;
- b. Board of Management; and
- c. Committee of Supervision.



Part Two  
Members' Meeting

Article 22

- (1) The Member's Meeting is the highest holder of authority in the Cooperative Society.
- (2) The Members' Meeting is attended by members, of which the implementation is regulated in the Articles of Association.

Article 23

The Members' Meeting decides:

- a. the Articles of Association;
- b. the general policy in the field of organization, management, and business of the Cooperative Society;
- c. the election, appointment, and discharge of the members of the Board of Management and the Committee of Supervision;
- d. the work plan, revenue and budget plan of the Cooperative Society, and ratification of financial report;
- e. the ratification of the report of the Board of Management concerning the implementation of its duties;
- f. the distribution of net surplus; and
- g. the amalgamation, merger, division, and dissolution of the Cooperative Society.

Article 24

- (1) The decision of the Members' Meeting is taken based on deliberation to reach consensus;
- (2) If a decision cannot be made by way of deliberation, the decision will be made based on majority votes;
- (3) In the event that the voting is carried out, each member has the right of one vote;
- (4) The right of voting in a secondary Cooperative Society can be regulated in its by-laws by considering the number of members and the business contribution of the member Cooperative Societies proportionally.

Article 25

The Member's Meeting has the right to ask for information and report from the Board of Management and Committee of Supervision concerning the management of the Cooperative Society.

Article 26

- (1) The Members' Meeting is held at least once a year.
- (2) The Members' Meeting for ratifying the report of the Board of Management concerning the implementation of its duties is held at the latest 6 (six) months after the fiscal year is over.

Article 27

- (1) Besides the Members' Meeting as referred to in Article 26, the Cooperative Society can hold an Extraordinary Members' Meeting if the situation calls for an immediate decision of which the authority lies at the Members' Meeting.
- (2) The Extraordinary Members' Meeting can be held at the request of a number of members of the Cooperative Society or by decision of the Board of Management of which the implementation is regulated in the Articles of Association.
- (3) The Extraordinary Members' Meeting has the same authority as the authority of the Members' Meeting as referred to in Article 23.

Article 28

The requirements, procedure, and place for holding the Members' Meeting and the Extraordinary Members' Meeting are regulated in the Articles of Association.

Part Three  
Board of Management

Article 29

- (1) The members of the Board of Management are elected from and by the members of the Cooperative Society in a Members' Meeting.
- (2) The Board of Management is the holder of authority of the Members' Meeting.
- (3) The composition and names of the members of the first Board of Management is put in the deed of establishment.
- (4) The term of office of the Board of Management is at the longest 5 (five) years.
- (5) The requirement of eligibility to be elected and appointed as a member of the Board of Management is determined in the Articles of Association.

Article 30

- (1) The Board of Management has the duties:
  - a. to manage the Cooperative Society and its business;
  - b. to submit a draft of work plan and a draft of revenue and budget plan of the Cooperative Society;
  - c. to hold a Members' Meeting;
  - d. to submit a financial report and a report concerning, the implementation of its duties;
  - e. to administer the financial accounting and inventory properly;
  - f. to keep the register of membership and register of members of the Board of Management.
- (2) The Board of Management has the authorities
  - a. to represent the Cooperative Society inside and out of the court of law;
  - b. to decide the acceptance and refusal of a new member and discharge a member in accordance with the provisions in the Articles of Association;
  - c. to act and to make the efforts for the interests and benefits of the Cooperative Society in accordance with

its responsibility and the decisions of the Members' Meeting.

#### Article 31

The Board of Management is responsible for all management activities of the Cooperative Society and its business to the Members' Meeting or Extraordinary Members' Meeting.

#### Article 32

- (1) The Board of Management can appoint a manager who is given the authority and power to manage business.
- (2) In the event that the Board of Management intends to appoint a manager, the plan for the appointment is submitted to the Members' Meeting for getting approval.
- (3) The manager is responsible to the Board of Management.
- (4) The assignment to manage the business to the manager does not diminish the responsibility of the Board of Management as referred to in Article 31.

#### Article 33

The relationship between the business manager as referred to in Article 32 and the Board of Management is work relationship based on contract.

#### Article 34

- (1) The members of the Board of Management, both collectively and individually, is responsible for the loss suffered by the Cooperative Society due to acts of negligence or carried out purposefully.
- (2) Besides the compensation for the loss, if the act is done purposely it does not close the possibility for the public prosecutor to sue the Board of Management.

#### Article 35

After the fiscal year of the Cooperative Society is terminated, at the latest 1 (one) month before the holding of the Annual Members' Meeting, the Board of Management has to make an annual report covering at least.

- a. annual calculations consisting of a balance sheet at the end of the past fiscal year and calculations of the business results of the concerning year along with the explanations of those documents;
- b. the situation and business of the Cooperative Society and the business results achieved.

#### Article 36

- (1) The annual report as referred to in the Article is Signed by all members of the Board of Management.
- (2) If a member of the Board of Management does not sign the annual report mentioned above, the concerned member has to explain the reason in written form for not signing it.

#### Article 37

Approval of the annual report, including the ratification of the annual calculations means accepting the liability report of the Board of Management concerning the implementation of its duties by the Members' Meeting.

#### Part Four

#### Committee of Supervision

#### Article 38

- (1) The members of the Committee of Supervision are elected from and by the members of the Cooperative Society in the Members' Meeting.
- (2) The Committee of Supervision is responsible to the Members' Meeting.
- (3) The requirements of eligibility to be elected and appointed as a member of the Committee of Supervision are determined in the Articles of Association.

Article 39

- (1) The Committee of Supervision has the duties
  - a. to supervise the implementation of policy and management of the Cooperative Society;
  - b. to make a written report concerning the result of its supervision;
- (2) The Committee of Supervision has the authorities
  - a. to examine carefully the records at the Cooperative Society;
  - b. to get all information needed.
- (3) The Committee of Supervision has to keep secret the result of its supervision from the third party.

Article 40

The Cooperative Society can ask for an audit service to the public accountant.

CHAPTER VII

CAPITAL

Article 41

- (1) The capital of a Cooperative Society consists of own capital and borrowed capital.
- (2) Own capital can come from
  - a. basic savings;
  - b. compulsory savings;
  - c. reserve fund;
  - d. grants.
- (3) Borrowed capital can come from:
  - a. the members;
  - b. other Cooperative Societies and/or their members;
  - c. banks and other financial institutions;
  - d. the issuance of bonds and other securities; and
  - e. other legal sources.

Article 42

- (1) Besides the capital as referred to in Article 41, a Cooperative Society can strengthen its capital originating from share capital.
- (2) Provisions regarding the strengthening of capital originating from share capital are further regulated by a Government Regulation.

CHAPTER VIII  
BUSINESS FIELD

Article 43

- (1) The business of Cooperative Societies is business directly related to the interests of the members for improving their business and welfare.
- (2) The excess of service capability can be utilized to fulfill the needs of society which are non-members.
- (3) The Cooperative Society carries out business activities and plays a principal role in all fields of people's economic life.

Article 44

- (1) A Cooperative Society can collect funds and funnel the funds through savings-loan business from and for
  - a. the members of the concerned Cooperative Society;
  - b. other Cooperative Societies and/or their members.
- (2) The savings-loan business can be carried out as one of the business activities or as the only business activity of the Cooperative Society.
- (3) The implementation of savings-loan business activity carried out by Cooperative Societies is further regulated by a Government Regulation.

CHAPTER IX  
NET SURPLUS

Article 45

- (1) Net surplus of a Cooperative Society is the revenue of the Cooperative Society obtained within a fiscal year subtracted by costs, depreciation, and other obligations, including tax in the concerned fiscal year.
- (2) Net surplus, after the reserve fund is subtracted from it, is distributed to the members in proportion to the amount of the business contribution carried out by each of the members with the Cooperative Society, and utilized for cooperative educational purposes and other purposes of the Cooperative Society in accordance with the decision of the Members' Meeting.
- (3) The amount of the reserve fund accumulated is decided in the Members' Meeting.

CHAPTER X  
DISSOLUTION OF A COOPERATIVE SOCIETY

Part One

Procedure of Dissolution of a Cooperative Society

Article 46

The dissolution of a Cooperative Society can be done based on:

- a. the decision of the Members' Meeting, or
- b. the decision of the Government.

Article 47

- (1) The decision of dissolution by the Government as mentioned in Article 46 letter b is done if:
  - a. there is evidence that the concerned Cooperative Society doesn't fulfill the provisions of this law;
  - b. its activities is contrary to the public order and/or against morality;
  - c. its survival cannot anymore be expected.



- (2) The decision of dissolution of the Cooperative Society by the Government is issued at the latest 4 (four) months since the date of receiving the notification of the plan of dissolution mentioned above by the concerned Cooperative Society.
- (3) At the latest 2 (two) months since the date of receiving the notification, the Cooperative Society has the right to submit its objection.
- (4) The decision of the Government concerning the overruling or sustaining the objection of the dissolution plan is given at the latest 1 (one) month since the date of receiving the objection.

#### Article 48

The provisions regarding dissolution of a Cooperative Society by the Government and the procedure of submitting objection as mentioned in Article 47 is further regulated by a Government Regulation.

#### Article 49

- (1) The decision of dissolution of the Cooperative Society by the Members' Meeting is notified in writing by the attorney of the Members' Meeting to:
  - a. all creditors;
  - b. the Government.
- (2) Notification to all creditors is done by the Government when the dissolution takes place based on the Government decision.
- (3) As long as the notification of the dissolution of the Cooperative Society has not been received yet by the creditors, the dissolution of the Cooperative Society is not valid for them.

#### Article 50

In the notification as referred to in Article 49 is mentioned:

- a. the name and address of the Liquidator, and
- b. the provisions that all creditors can submit their claim

within 3 (three) months after the date of receiving the notification of dissolution.

Part Two  
Liquidation

Article 51

For the interests of the creditors and the members of Cooperative Society, the dissolution of the Cooperative Society is carried out through dissolution settlement which is further called liquidation.

Article 52

- (1) Liquidation is done by the person or the body that have been assigned to carry out the settlement of the dissolution which is further called liquidator.
- (2) For the liquidation based on the decision of the Members' Meeting, the liquidator is appointed by the Members' Meeting.
- (3) For the liquidation based on the decision of the Government, the liquidator is appointed by the Government.
- (4) During the process of liquidation, the Cooperative Society still exists and is called "Cooperative Society in liquidation".

Article 53

- (1) The liquidation will immediately be carried out after the issuance of the decision of dissolution of the Cooperative Society.
- (2) The liquidator is responsible to the attorney of the Members' Meeting in the event that the liquidator is appointed by the Members' Meeting and to the Government in the event that the liquidator is appointed by the Government.

#### Article 54

The liquidator has the rights, authorities, and obligations as follows

- a. to make all legal actions for and on behalf of "the Cooperative Society in liquidation";
- b. to collect all information needed;
- c. to call the Board of Management, certain members and ex-members who are required, both individually and collectively;
- d. to obtain, examine, and utilize all notes and files of the Cooperative Society;
- e. to decide and implement all payment obligations which must be put before the payment of other debts;
- f. to use the remainder of the property of the Cooperative Society to settle its remaining obligations;
- g. to distribute the remainder of the result of liquidation to the members; and
- h. to make an official report of liquidation.

#### Article 55

In the event that the Cooperative Society is dissolved, the members bear only the burden of loss to the limit of basic savings, compulsory savings, and share capital which they own.

### Part Three

#### Cancellation of Legal Body Status

#### Article 56

- (1) The Government notifies the dissolution of a Cooperative Society in the State Bulletin of the Republic of Indonesia.
- (2) The legal body status of a Cooperative Society is cancelled since the date of notification of the dissolution of the Cooperative Society mentioned above in the State Bulletin of the Republic of Indonesia.

CHAPTER XI  
INSTITUTION OF COOPERATIVE MOVEMENT

Article 57

- (1) The Cooperative Societies jointly establish a single organization with the function as an association to struggle for the interests and acts as the spokesman of the aspirations of the Cooperative Societies.
- (2) This organization is based on Pancasila.
- (3) The name, objectives, structure, and working rules of the organization is regulated in the Articles of Association of the concerned organization.

Article 58

- (1) The organization mentioned above performs the activities:
  - a. to struggle for and extend the aspirations of the Cooperative Societies;
  - b. to enhance consciousness of the society to cooperate;
  - c. to carry out cooperative education for the members and the society;
  - d. to develop cooperation among Cooperative Societies and between Cooperative Societies and other business enterprises, at the national as well as at the international levels.
- (2) To implement those activities, the Cooperative Societies jointly accumulate cooperative fund.

Article 59

The organization established as referred to in Article 57 section (1) is endorsed by the Government.

CHAPTER XII  
DEVELOPMENT

Article 60

- (1) The Government creates and develops climate and condition that stimulates cooperative growth and socialization.
- (2) The Government provides guidance, facilities, and protection to the Cooperative Societies.

Article 61

In the effort to create and develop climate and condition that stimulates cooperative growth and socialization, the Government:

- a. provides extensive business opportunities to the Cooperative Societies;
- b. improves and consolidates the capability of the Cooperative Societies so that they become healthy, strong, and self-reliant;
- c. strives to realize business relationship between the Cooperative Societies and other business enterprises which benefits one another;
- d. makes the Cooperative Societies cultures in the public.

Article 62

In the framework to give guidance and facilities to the Cooperative Societies, the Government:

- a. guides the business of the Cooperative Societies which is in accordance with the economic interests of the members;
- b. encourages, develops, and assists the implementation of cooperative education, training, extension, and research;
- c. provides facilities to strengthen the capital and develops the financial institutions of the Cooperative Societies;
- d. supports in developing business network of the Cooperative Societies which benefits one another;
- e. provides consultancy assistance to solve the problems

faced by the Cooperative Societies while persistently paying attention to the Articles of Association and cooperative principles.

#### Article 63

- (1) In the framework to give protection to the Cooperative Societies, the Government can:
  - a. decide the fields of economic activities which can only be handled by the Cooperative Societies;
  - b. decide the fields of economic activities in an area which have been handled successfully by the Cooperative Societies for not to be handled by other business enterprises.
- (2) The requirements and procedures for the implementation as referred to in section (1) are further regulated by a Government Regulation.

#### Article 64

The development efforts as referred to in Article 60, Article 61, Article 62, and Article 63 are carried out while paying attention to the situation and interests of the national economy, even distribution of business opportunities and work opportunities.

### CHAPTER XIII

#### TRANSITIONAL PROVISIONS

#### Article 65

Any Cooperative Society which already has a legal body status at the time that this law is valid is stated to have obtained a legal body status based on this law.

CHAPTER XIV  
CLOSING PROVISIONS

Article 66

- (1) With the enter into force of this Law, the Law Number 12 of 1967 on Basic Regulations for Cooperatives (State Gazette of the Republic of Indonesia of 1967 Number 23, Supplement of State Gazette of the Republic of Indonesia of 1967 Number 2832} is declared to be ineffective.
- (2) Any Implementing regulations of Law Number 12 of 1967 Basic Regulations for Cooperatives (Government Gazette of the Republic of Indonesia of the Year 1967. Number 23, Supplement of State Gazette of the Republic of Indonesia of 1967 Number 2832} are declared to remain effective to the extent not contrary to or not amended yet based on this Law.

Article 67

This Law comes into force on the date of its promulgation.

In order that every person knows hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta  
on 21 October 1992

PRESIDENT OF THE REPUBLIC OF  
INDONESIA

signed

SOEHARTO

Promulgated in Jakarta  
on 21 October 1992

MINISTER/STATE SECRETARY  
OF THE REPUBLIC OF INDONESIA

signed

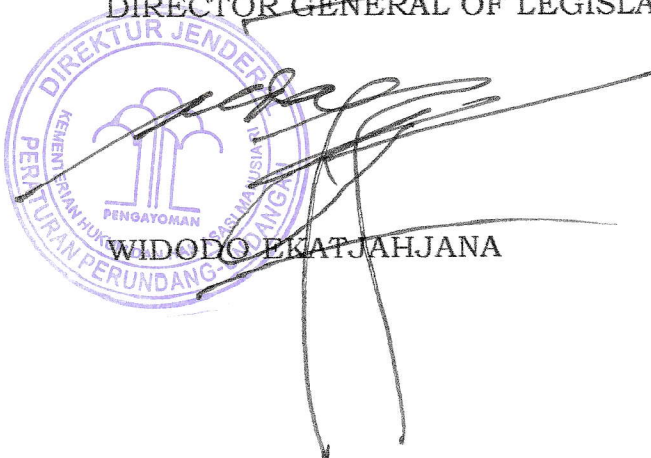
MOERDIONO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 1992 NUMBER 116

Jakarta, 25 June 2020

Has been translated as an Official Translation  
on behalf of Minister of Law and Human Rights  
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,



WIDODO EKATJAHJANA