PROPOSED BYELAWS OF

AADHAR MULTI STATE CO-OPERATIVE CREDIT SOCIETY LIMITED

179, Sapates House. Near Bus Stand, A/p- Dindrud, Taluka - Majalgaon, Dist- Beed, Maharashtra– 431128

1. Name of the society shall be

AADHAR MULTI STATE CO-OPERATIVE CREDIT SOCIETY LIMITED

179, Sapates House. ***Near Bus Stand, A/p- Dindrud, Taluka*** **- Majalgaon, Dist- Beed, Maharashtra– 431128**

2. **PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE**

The principal place of business and the Registered Office of the Society shall be situated at **179, Sapates House.** ***Near Bus Stand, A/p- Dindrud, Taluka*** **- Majalgaon, Dist- Beed, Maharashtra– 431128**.Any change in the address shall be notified to the Central Registrar within 15 day of its change and also published in local newspaper and shall be made by an amendment of its bye Laws after following the procedures laid down in sec. 11 of the Multi State Co- operative Societies Act, 2002.

3. **AREA OF OPERATION**

The area of operation of the Society shall be confined to the States of **Maharashtra and Karnataka** only.

4. **DEFINITIONS**

The words/expressions appearing in these bye-laws shall have the following meaning unless otherwise provided.

a) "Act" means The Multi-State Cooperative Societies Act.2002 as amended from time to time.

b) "Rules" means The Multi-State Cooperative Societies Rules, 2002 as amended from time to time.

c) "Central Registrar" means the Central Registrar of Cooperative Societies appointed under the provisions of the MSCS Act. 2002.

d) "Bye-laws" means the Bye-laws of the society for the time being in force which have been duly registered or deemed to have been registered under The Multi State Cooperative Societies Act in force and includes amendments thereto which have been duly registered or deemed to have been registered under the Act.

e) "Delegate" means a person who is duly appointed/elected by the members of the society or part thereof in accordance with its bye-laws as its representatives to the General Body of the society of a person who is duly authorized by the Board of the member society to represent the society in General body of the society of which the society is a member.

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f) "General Body" means all members of the society, and includes a body constituted under the provisions of the Act.

g) "Board" means the Board of Directors or Governing Body of the Society.

h) "General Meeting" means a meeting of the general body of The Multi State Cooperative Society and includes special general meeting:

i) "Chief Executive" means Chief Executive Officer or Managing Director of the society appointed under section 51 of the Act.

j) "Officer" means a President, Vice-President, Chairpersons, Vice-Chairpersons, Managing Director, Secretary, Manager, Members of the Board, Treasurer, Liquidator, an Administrator appointed under Sec.123 and includes any other person empowered under Multi State Co-operative Societies Act or the rules or the Bye-laws to give direction in regard to business of the society.

k) "Member" means persons joining in the application for registration of the society and includes a person admitted to membership after such registration in accordance with the provisions of the act, rules and Bye laws of the society.

l) "Nominal" member means a person who has been admitted as a nominal member under the bye-laws of the society.

m) "Multi State Co-operative Society" means a co-operative society registered or deemed to be registered under The Multi-State Co-operative Societies Act, 2002.

n) "National Co-operative Society" means a Multi-State Cooperative Society specified in the second in the second schedule to the Multi-State Co-operative Societies Act, 2002.

o) "Co-operative Society" means a co-operative society registered or deemed to be registered under any law relating to co-operative societies for the time being in force in any State or Union Territory:

p) "Federal Co-operative" means a federation of cooperative societies registered under the MSCS Act and whose membership is available only to a co-operative society or a multi-state co-operative society.

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q) A 'Co-operative Bank" means a multi state co-operative society which undertakes banking business:

r) "Reserve Bank" means the Reserve Bank of India constituted under the RBI Act,1934-(2 of 1934):

s) "Deposit Insurance Corporation' means the Deposit Insurance and Credit Guarantee Corporation established under Sec.3 of the Deposit Insurance Corporation Act, 1961.

t) "Defaulter" means a member who has defaulted in payment of any kind of dues payable to the society:

u) "Co-operative year" means the period from 1st of April to 31st March.

v) "Area of operation" means the area from which the persons can be admitted as members of the society.

w) "Co-operative Principles means the co-operative principles as specified in the first schedule of the Multi-State Co-operative Societies Act, 2002.

x) "Society means **AADHAR MULTI STATE CO-OPERATIVE CREDIT SOCIETYLIMITED**

5. OBJECTIVES & SERVICES TO BE PROVIDED TO THE MEMBERS

The following are the objectives and Services of the Society:-

To provide Credit facilities to its members, to manage loans, to promote savings of the members, to provide loan, Education Loan, Medical Loan, to promote Kutumb Sahayata and any type of loan to work for social upliftment of its members and to work for promotion and working of the members in furtherance of the objectives the society may undertake one or more of the following:-

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A **The Object of the Society are :**

The Society would have the following aims and objectives:-

(1) To promote social and economic betterment of its members through self-help and mutual aid in accordance with Co-operative principles specified in the First Schedule of the Act.

(2) To encourage thrift, self-help and cooperation among members;

(3) To provide facilities for thrift and savings among members.

(4) To provide credit facilities and lend or advance money to the members;

(5) To manage loan facilities for its members including personal loan, home loan, Vehicle loans, gold loan, farm loan or other loans;

(6) To accept deposit from members repayable on demand or otherwise for the purpose of lending and investment to members.

(7) To borrow and raise money from members.

(8) To receive all kinds of bonds, scrips, valuables on deposits or for safe custody from members;

(9) To accept grants and donations from members.

(10) To collect and transmit money and securities from members;

(11) To carry on and to transact every kind of guarantee and indemnity business on behalf of members;

(12) To prepare and to finance schemes for improvement of the financial condition of members;

(13) To manage, to sell and to realize any property which may come into the possession of Society in full or part satisfaction of any of its claims;

(14) To provide safe deposit vaults services to members.

(15) To subscribe to the share of Cooperatives institutions;

(16) To open branches and pay offices within the area of operation of the Society to provide services to the members.

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B. **In furtherance of the above objects the Society shall be at liberty-**

i) To borrow and raise money by way of loans, deposits or by way of any savings schemes from members.

ii) To acquire, take on lease or hire or in exchange, or otherwise land, buildings or any movable or immovable property necessary for the business of the Society;

iii) To acquire, to sell, to construct, to maintain and to alter any building of the Society or works necessary or convenient for the purpose of the Society;

6. **RAISING OF FUNDS**

A) The funds of the society shall be raised in the following manner:

i) Share Capital.
ii) Admission Fees.
iii) Subscription.
iv) Deposits from members under various scheme.
v) Loans, Cash Credits, Overdraft from any bank or financial institutions.
vi) Donations, grants and subsidies.
vii) Contributions from members.
viii) Profit

B) The funds of the Society shall be applied to achieve the objectives of the Society.

7. **MAXIMUM BORROWING LIMIT**

The society may receive deposits, raise loans and receive grants from external sources provided the total amount of such loans and deposits shall not exceed ten times of the subscribed share capital plus accumulated reserves minus accumulated losses if any during the financial year.

8. **SHARES**

a) The authorized Share Capital of the Society is Rs.Ten Crore divided into Ten lac shares of Rs.100/- (One Hundred) each

b) Money on shares shall be paid in full at one time and Share Certificates shall be issued on realization of the full amount subscribed for .

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c) The Society at its General meeting may form time to time, increase the authorized share capital by creation of new shares of such number and amount as may be deemed expedient with the prior approval of the Central Registrar.

d) No member other then the authorities referred to in clauses (c) to (g) of sub section 1 of section 25 of the Act, shall hold more than 1\5th of the total share capital of the Society ,.

9. **MEMBERSHIP**

The Society shall have following of membership :

i) Ordinary members

ii) Nominal members.

10. **ORDINARY MEMBERS**

No person shall be admitted as a member of the society except the following, namely;

a) An individual , competent to contract under section 11 of the Indian Contract Act, 1872;

b) Any multi-State Co- operative Society or any Co-operative Societies ; (except similar type of Cooperative)

c) The Central Government;

d) The State Government ;

e) The National Co-operative Development Corporation established under the National Co-operative Development Corporation Act,1962.

f) Any other Corporation owned or controlled by the Government:

g) Any Government company as defined in section 617 of the Companies Act 1956.

h) Such class or classes of persons or associations of persons may be permitted by the Central Registrar having regard to the nature and activities of a multi state co-operative society.

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11. **CONDITIONS FOR ORDINARY MEMBERSHIP**

1. An applicant will be enrolled as ordinary member upon fulfilling the following condition;

a) He has applied in writing in the prescribed from.

b) He has paid admission fee Rs. 50\- and acquired at least One shares of the Society.

c) He has given a declaration that he is not a member of any other similar Co- Operative Society.

d) He has fulfilled all other conditions laid down in the Acts, the Rules and the bye- laws of the society.

e) The Board of Directors of the Society shall approve the application to admit as a member.

2. No person shall be eligible for admission as a member of the Society if he-

a) Has not attained the age of 18 year;

b) Has been adjudged by a competent court to be an insolvent or an undercharged insolvent;

c) Has been sentenced for any offence, other than offence of a political character or an offence not involving, moral turpitude and dishonesty and a period of five years has not lapsed from the date of expiry of the sentence.

2. **APPLICATION FOR MEMBERSHIP AND ITS DISPOSAL**

i) The application for membership of the Society shall be submitted by the applicant to the Chief Executive of the Society in the prescribed form, accompanied by admission fee of Rs.50/- An applicant shall also subscribe at least One fully paid shares at the time of application.

ii) The application for membership of the Society found complete in all respects shall be disposed of within a period of four months from the date of receipt of the application by the Society and the same shall be communicated to the applicant within fifteen days of the decision.

VOTES OF MEMBERS AND MANNER OF VOTING

i) Every member of the Society shall have one vote in the affairs of the society.

ii) In case of equality of votes , the Chairperson shall have a casting vote.

iii) Every member of the Society shall exercise his vote in person and no member shall be permitted to vote in proxy.

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14. RIGHTS AND DUTIES OF MEMBERS

The members shall have the following rights and duties:-

i) A member shall be entitled to exercise his right as a member from the date of admission as a member.

ii) Right to vote in general body meeting.

iii) To receive notice of general body meeting as per the bye- laws of the Society.

iv) To attend and take active part in the proceedings of the general body meeting;

v) To take part in elections and contest for any post as per provision of the Act, Rules and Bye-laws of the Society;

vi) To inspect member registers, books of accounts or any other record and obtain certified copies of the resolutions or documents on a payment of fee as may be prescribed by the Board of Directors from time to time.

15. DISQUALIFICATIONS FOR MEMBERSHIP

No person shall be eligible for being or continue to be a member of the Society if:-

a) His\ Her business is in conflict or competitive with the business of the Society;

b) He/She did not make annual transactions of the value of at least Rs. 5000\- for two consecutive years.

c) Has not attended three consecutive general body meetings of the Society and such absence has not been condoned by the members in the general body meeting of the Society;

d) He/She has made any default in payment of any amount to be paid to the society under bye laws of the society and has not cleared the amount even after 30 days notice for clearance of default.

16. WITHDRAWL AND RESIGNATION OF MEMBER:

i) A member may withdraw and resign from the membership after two years and giving at least 3 months notice in writing and withdraw his share capital with the approval of the Board of Directors. The approval shall not be given while such a member is indebted, to the society. During any co-operative year, the aggregated withdrawals shall not exceed 10% of the total paid-up share capital as on 31st March of the preceding year

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ii) A member who withdraws or resigns from the membership will not be allowed to become a member again for a period of two years from the date of his resignation unless he repays the amount withdrawn by him from the society.

17. EXPULSION OF A MEMBER

Society may, by a resolution passed by a majority of not less than two thirds of the members present and voting at a general meeting held for the purpose, expel a member for acts, which are detrimental to the proper working of the society.

a. On expulsion from the society, in accordance with the provisions of the Act and the Rules, a person will cease to be a member. Such expulsion may involve forfeiture of shares at the sole discretion of the Society, provided that the member concerned shall not be expelled unless he has been given a reasonable opportunity of making representation in the matter.

b. No member of the Society who has been expelled shall be eligible for readmission as a member of the society for a period of one year from the date of such expulsion .

18. CESSATION OF MEMBERSHIP

The membership of the society may cease in case of :-

i) Resignation of member is duly approved by the Board or on death of the member ;
ii) Cancellation of registration of the member society;
iii) Transfer of all the shares to another member of the society.
iv) Expulsion of member by the general body;
v) Incurring any of the disqualifications of membership;

19. NOMIANL MEMBER

The Society at its discretion may admit a person on payment of a non refundable fee of Rs. 10\- as a nominal member provided that such nominal member shall not be entitled to subscribe to the shares of the Society or have any interest in the management thereof including right to vote, be elected as a director of the board or participate in the general body meetings.

20. SHARE CERTIFICATE

i) Every person admitted as a member of the society shall be entitled to receive a Share Certificate stating the number of share \ shares and their distinctive number \ numbers and the Chief Executive shall sign the share certificates. The Share Certificate shall bear the Society's seal.

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ii) If any certificate were worn out, defaced, mutilated, destroyed or lost new share certificate\s may be issued in lieu thereof on payment of a fee as prescribed by the Board per share certificate and upon the delivery of the worn out or defaced original for cancellation and in the case of destruction of the share certificate and on giving indemnity to the Board of Directors as may be required and upon such terms and conditions as the Board o f Directors may thinks fit.

21. **NOMINATION**

a) A member may nominate a person to receive the member's interest in the Society after his\ her death. Nomination shall be made in the prescribed form, and entered in the register kept by the Society for the purpose .Prior approval of the Board shall be necessary if the person to be nominated is an employee of the Society

b) Nomination can be revoked and fresh nomination can be made on any number of times after due intimation in writing to the Society and on payment of prescribed fee as may be determined by the Board from time to time for every subsequent nomination.

22. **DEATH OF A MEMBER**

On the death of a member, the Society may pay or transfer to the person or persons nominated a sum representing the value of the member's interest in the Society within six month from the date of death of the member. In the absence of nomination, the society may pay to such person as may appear to the Board of Directors to be entitled to receive the same as heir or legal representative of the deceased member on his or their executing an appropriate deed of indemnity in favour of the society.

23. **LIABILITY OF A MEMBER**

The liability of a member shall be limited to the share capital subscribed by him.

24. **LIABILITY OF PAST MEMBERS AND ESTATE OF A DECEASED MEMBER**

1. The liability of a past member or of the estate of a deceased member of the Society for the debts of the Society as they existed:-

a) In the case of a past member, on the date on which he ceased to be a member,

b) In the case of a deceased member, on the date of his death shall continue for a period of two years from such date.

2. However, where the society is ordered to be wound up under Section 86 of the Act, the liability of a past member who ceased to be a member or of the estate of a deceased member who died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed. But such liability shall extend only to the debts of the society as they existed on the date of cessation of membership or death as the case may be.

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25. **LIEN ON SHARES, DIVIDENDS AND DEPOSITS**

The Society shall have the first and paramount lien or charge upon all the shares dividends and deposits of any member or past member for all dues from him/her to the Society from time to time. The Society may set off any sum credited by or payable to the member or past member against payment of any liability of such member or past member.

26. **TRANSFER OF SHARES**

A member may transfer his/her share or shares after holding them for not less than one year to the another member. The Board of Director may approve such transfer of shares from the existing members on completion of such terms and conditions as may be fixed by the Board of Directors.

27. **GENERAL BODY**

i. The General Body of the society shall consist of all, ordinary members of the society.
ii. Subject to the provisions of the Act, the Rules and the bye-laws, the ultimate authority of the Society shall vest in the General Body.

28. **POWERS AND FUNCTIONS OF THE GENERAL BODY**

The Board of the Society under a resolution shall within six months after the close of the corresponding year call the Annual General Meeting at the principal place of business of the society for the purpose of

a) Consideration of the audited statement of accounts;
b) Consideration of the audit report and annual report;
c) Consideration of audit compliance report:
d) Approval for appointment of auditors & fixation of remuneration:
e) Review of operational deficit, if any:
f) Creation of specific reserves and other funds;
g) Approval of the annual budget;
h) Approval of the long-term perspectives plan and the annual operation plan
i) Disposal of Net Profit.
j) Review of actual utilization of reserve and other funds.
k) Review of annual report and accounts of subsidiary institution, if any;
l) Expulsion of members;
m) List of employees who are relatives of members of the board or the Chief Executive;
n) Amendment of bye-laws, if any;
o) Formulation of code of conduct for the members of the board and officers;
p) Election of members of the board, if any
q) Consider a statement showing the detail of loans or goods on credit if any given to any member of the board or to the spouse or son or daughter of the member of the board during the proceeding year outstanding against him or them.
r) Any other matter to be laid before it by the Board of Directors.

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29. **SPECIAL GENERAL BODY MEETING**

The Chief Executive, may at anytime, on the direction of the board, call a Special General Body Meeting of the Society and shall call such meeting within one month after the receipt of requisition from the Central Registrar or from 1/5th of the total number of member of members of the Society to transact the business as stated in notice of the meeting.

30. **NOTICE FOR ANNUAL GENERAL BODY MEETING AND THE SPECIAL GENERAL BODY MEETING.**

a) Annual General meeting of the society may be called by giving not less than 15days clear notice in writing to all the members of the society.

b) Special General meting of the Society may be called by giving not less than 7days notice in writing to all the members of the society.

c) The notice of the Annual General Meeting shall be accompanied by a copy of the audited balance sheet, profit and loss account together with the auditors report relating to the preceding year and the report of the Board of Directors thereon. Notice of election to the Board of Directors if any and amendment to the bye-laws, if any.

d) The notice of general body meeting shall be sent to members by any of the following modes namely.

i) By local delivery or
ii) Under postal certificate or
iii) By publication in the news papers having wide circulation and
iv) Notice of the general body meeting shall also be affixed on the notice board of the society and is branches its any.

31. **QUORUM OF THE GENERAL BODY MEETING**

i) The quorum for the general meeting shall be 1/5th of the total number of members or 50 members, whichever is less;

ii) No business shall be transacted at any general meeting unless there is a quorum at the time when the business of the meeting is due to commence;

iii) If within half an hour from the appointed time for the meeting, quorum is not present, the meeting shall stand adjourned and would be held after half an hour at which the quorum will not be required.

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iv) If at any time during the meeting sufficient number of members are not present on his own, or on his attention being drawn to this fact chairperson shall adjourn the meeting and the business that remains to be transacted at this meeting, if any, shall be disposed off in the usual manner at the adjourned meeting;

v) Where a meeting is adjourned under sub-clause (iii) or (iv) the adjourned meeting shall be held either on the same day or any other date decided by the Chairperson or the member presiding over the meeting; but within seven days of the adjourned meeting.

vi) No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting;

vii) The adjourned meeting will transact its regular business even without the quorum being present at the meeting.

32. CHAIRPERSON OF THE GENERAL BODY MEETING

The Chairman of the Board of Directors shall preside over the General Body Meeting. In his absence, the Vice Chairman and in absence of both the members of the Board of Directors shall elect one of the member to preside the general body meeting.

33. RESOLUTIONS

Unless otherwise specifically provided in the Act, Rules and the Bye- laws, resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands unless ten members demand poll, in such case a poll shall be taken. However, election to the Board of Directors shall be held by secret ballot as per the procedure mentioned in the election schedule annexed to MSC'S Rules 2002.

34. MINUTES OF THE GENERAL BODY MEETING

Minutes of the General Body Meeting shall be entered in the minutes book kept for the purpose within thirty days of the conclusion of the meeting and shall be signed by the Chairman and Chief Executive of the meeting. The minutes so signed, shall be an evidence of the correct proceedings of that meeting.

35. CONSTITUTION OF THE BOARD OF DIRECTORS

i) The affairs of the society shall be managed by the Board of Directors consisting of the following:

a) Eleven Directors to be elected by the members in the general body.

b) The Chief Executive, who is the ex- officio member of the Board of Directors.

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ii) All the directors except the Chief Executive shall be elected by the members in the General Body Meeting.

iii) The elected Directors shall hold office for a period of five years from the date of election.

36. POWERS AND FUNCTIONS OF THE BOARD OF DIRECTORS

1) The Board of Directors may exercise all such power as may be necessary or expedient for the purpose of carrying out its function under the act.

2) Without prejudice to the generality of the foregoing powers, such powers shall include the following powers;-

a) To admit members;

b) To interpret the organizational objectives and set up specific goals to be achieved towards these objectives;

c) To make periodic appraisal of operations;

d) To appoint and remove a Chief Executive Officer or other employees of the Society as are not required to be appointed by the Chief Executive;

e) To make provisions for regulating the appointment of employees of the Society and the scales of pay, allowances and other conditions of service including disciplinary action against employees;

f) To place the annual report, annual financial statements, annual plan and budget for the approval of the general body;

g) To consider audit and compliance report and place the same before the general body ;

h) To acquire or dispose of immovable property;

i) To review membership in other co- operatives;

j) To approve annual and supplementary budget;

k) To raise funds;

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l) To sanction loans to the members; and

m) To take such other measures or to do such other acts as may be prescribed or required under this Act Rules or the bye- laws or as may be delegated by the general body.

n) To authorize officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the society;

DESQUALIFICATION FOR BEING A MEMBER OF THE BOARD

1. A member of the Society shall be ineligible for being elected as, or for being a member for the Board, if such member:-

a) Has been adjudged by a competent Court to be insolvent or of unsound mind;

b) Is concerned or participates in the profits of any contract with the society;

c) Has been convicted for an offence involving moral turpitude;

d) Holds any office or place of profit under the society :-

Provided that the Chief Executive or such full- time employee of the Society as may be notified by the Central Government from time to time or a person elected by the employees of such Society to represent them on the board of such Society shall be eligible for being chosen as, or for being, a member of such board;

e) Has been a member of the Society for less than twelve months immediately preceding the date of such election or appointment;

f) Has interest in any business of the kind carried on by the Society of which he is member:

g) Has taken loan or goods on credit from the Society of which he is a member, or is otherwise indebted to such Society and after the receipt of a notice of default issued to him by such Society, has defaulted;-

i) In repayment of such loan or debt or in payment of the price of the goods taken on credit, as the case may be, within the date extended, which in no case shall exceed six months, within the date so extended, or

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ii) When such loan or debt or the price of goods taken on credit is to be paid in installments, in payment of any installment, and the amount in default or any part thereof has remained unpaid on the expiry of six months from the date of such default:

Provided that a member of the board who has ceased to hold office as such under this clause shall not be eligible, for a period of one year, from the date on when he ceased to hold office, for reelection as a member of the board of the Multi-State Cooperative Society of which he was a member or for the election to the board of any other Multi-State Co-operative Society.

h) Is a person against whom any amount due under a decree, decision or order is pending recovery under this Act:

i) Is retained or employed as a legal practitioner on behalf of or against the Society, or on behalf of or against any other Multi-State Co- operative Society.

Explanation- For the purposes of this clause, "legal practitioner" has the same meaning as in Clause (i) of sub- section (1) of section 2 of the Advocates Act, 1961(25 of 1961);

j) has been convicted for any offence under this Act;

k) is disqualified for being a member under Section 29;

l) has been expelled as a member under Section 30;

m) absents himself from three consecutive board meetings and such absence has not been condoned by the board;

n) absents himself from three consecutive general body meetings and such absence has not been condoned by the members in the general body.

A person shall not be eligible for being elected as member of board of the Society for a period of five years if, the Board fails:

a) to conduct election of the Board under section 45 of the Act: or
b) to call the general body meeting under Section 39 of the Act: or
c) to prepare the financial statement and present the same in the annual general meeting.

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38. REMOVAL OF THE ELECTED MEMBER OF THE BOARD BY THE GENERAL BODY.

An elected member of a board, who has acted adversely to the interests of the Society, may on the basis of a report of the Central Registrar or otherwise be removed from the board upon a resolution of the general body passed at its meeting by a majority of not less than two-third of the members present and voting at the meeting;

Provided that the member concerned shall not be removed unless he has been given a reasonable opportunity of making a representation in the matter.

39. VACANCY IN THE BOARD OF DIRECOTORS

If any vacancy arise in the Board of Directors, it shall be filled by election by the members in the General Body for the remaining unexpired term of the Board.

40. MEETINGS OF THE BOARD OF DIRECTORS

i) The majority shall decide any question brought forward for discussion at the meeting of the Board of Directors. In case of equality of votes, the Chairman shall have a casting vote.

ii) The proceeding of the meetings of the Board shall be recorded in the minute book to be kept for the purpose,

iii) The Chief Executive shall convene the meeting of the board at the instance of the Chairperson of the Society.

iv) The Board of Directors shall meet at least once in every quarter;

v) The meetings of the Board of Directors shall normally be held at the registered office of the society. In exceptional cases, the meetings of the Board may be held at any other place as decided by the Board but within the area of operation of the Society.

vi) The meetings of Board of Directors shall be presided over by the Chairman or in his absence by the Vice Chairman and in the absence of both Chairman & Vice Chairman, the Directors Present in the ,meeting shall elect a Chairperson for the Meeting from among themselves;

vii) Seven days notice shall ordinarily be necessary for the meeting of the Board of Directors;

viii) The quorum of the Board Meeting shall consist of five elected directors.

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41. **COMMITTEES OF THE BOARD.**

The Board of Directors shall constitute an executive Committee and other committees or Sub-Committees as may considered necessary, Provided that other committees or sub- committees other than the Executive Committee shall not exceed three at a given point of time.

42. **CHAIRMAN AND VICE CHAIRMAN.**

There shall be a Chairman and a Vice- Chairman elected by the Board of Directors from among themselves. The Chairman and in his absence the Vice- Chairman shall preside over the Meeting of the General Body. The terms of office of the elected Members of the Board shall not exceed five years from the date of election. In case Chairman or Vice Chairman ceases to be director, the Board shall fill up the vacancy through re- election for the unexpired term of the Board among themselves.

43. **POWER AND FUNCTIONS OF THE CHAIRMAN.**

The Chairman shall have the following powers and functions:

i) He shall preside over the meeting of the general body, Board of Directors, executive committee and any other committees.

ii) The Chairman shall sign the proceedings of the meetings presided over by him,

iii) In the event of equality of votes on a resolution the Chairman shall have a casting vote in the meeting;

iv) To convene the meeting of the Board of Directors, Executive Committee and other committees of which he is the Chairman.

v) The Chairman may delegate any of his powers and functions to the Vice- Chairman.

44. **PROHIBITON TO HOLD OFFICE OF CHAIRMAN OR VICE- CAHIRMAN IN CERTAIN CASES.**

a) No member of the Board shall be eligible to be elected ad Chairman or Vice- Chairman of the Society if.

   i) He\ She is a minister in the Central or State Government;

   ii) At the same time, he\she is holding the position of Chairman or Vice- Chairman of the Board of more than two Multi- State Co- Operative Societies.

b) No member of the Board shall be eligible to be elected as Chairman of the Society if he has held office during two consecutive term whether full or part.

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45. **MINUTES OF THE MEETING OF BOARD OF DIRECTORS.**

The minutes of meeting of the Board of Directors shall be recorded in the Minute Book kept for the purpose within thirty days of the meeting and the pages of which shall be duly numbered. The Chairman of the meeting and the Chief Executive of the Society shall sign the minutes of the meeting.

46. **CHIEF EXECUTIVE.**

Managing Director shall be the Chief Executive of the Society and he shall be appointed by the Board of Directors. He shall be a full time employee of the Society and he shall aid and assist the Board of Directors in their functions. The managing Director shall also be the ex- officio member of the Board of Directors.

47. **POWERS AND FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER.**

The Chief Executive Officer shall under general supervision, direction and control of the Board, exercise the powers and discharge functions as specified below, namely:

a) Day- to- day management of the business of the Society;

b) Operating the accounts of the Society and be responsible for making arrangements for safe custody of cash;

c) Signing on the documents for and on behalf of the Society;

d) Making arrangements for the proper maintenance of various books and records of the Society and for the correct preparation. timely submission of periodical statements and returns in accordance with the provisions of this Act, the Rules and the bye–laws;

e) Convening meeting of the general body of the Society, the Board and the Executive Committee and other committees or sub- committees constituted under sub- section (1) of Section 53 of the Act and maintaining proper records for such meetings;

f) Making appointments to the posts in the Society as may be approved by the board of directors;

g) Assisting the Board in the formulation of policies objectives and planning;

h) Furnishing to the Board periodical information necessary for appraising the operation and function of the Society.

i) Appoint the person to sue or be sued on behalf of the Society.

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j) Present the draft annual report and financial statements for the approval of the Board within thirty days of closure of the financial year.

48. **DEPOSITS**

i) Deposits may be received from members at any time within the limits determined under the Act and Rule on such rates of interest and subject to such rule and regulations, as may be approved by the Board of Directors

49. **DISPOSAL OF NET PROFIT**

Subject to the provisions of the Act and Rules framed there under, the General Body on the recommendations of the Board of Directors may appropriate the net profit in the following manner;

i.) Transfer at least 25% of net profit to the reserve fund.

ii) Credit one percent of its net profit to the Co-operative education fund maintained by the National Co-operative Union of India:

iii) An amount of at least 10% of the Net profit shall be transferred to the reserve fund for meeting unforeseen losses.

iv) The balance of the net profit may be utilized for all or any of the following purposes;-

a) Payment of dividend to members on their paid up capital at the rate not exceeding 18%

b) Contribution towards Donation not exceeding 5% of the net profit for any purpose connected with the development of cooperative movement.

50. **INVESTMENTS OF FUNDS**

The Society may invest or deposit its funds in:

a) Co-Operative banks;
b) Securities specified in section 20 of the Indian Trust Act 1882;
c) Shares and securities of any other co-operative society or The Multi State Cooperative.
d) Any other Scheduled bank \ Nationalized bank;
e) Share, Securities or assets of a subsidiary institution.

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51. **RESERVE FUND**

i) In addition to the sum prescribed under the Act Rules and Bye-laws, all admissions fees, entrance fee, nominal membership fees, amount of forfeited dividend and donations if any shall be carried to the Reserve Fund;

ii) The Reserve Fund shall be separately invested in Government and trustee securities or any other approved securities or in fixed deposits with any nationalized Bank, or any other Central Co- Operative Bank;

iii) The Reserve Fund to meet unforeseen losses shall be available for use by resolution of the General body meeting to cover deficiencies, which may arise from unforeseen losses.

iv) Any loss occurring as the net result of the year's working shall be recovered from the profits of the next ensuing year or years;

52. **DIVIDEND.**

i) The Dividend declared shall be paid to the person whose name stands first as the registered shareholder in the books of the Society on the last day of the Co-Operative year to which the dividend relates.

ii) Any Dividend remaining unclaimed for three years after having been declared may be forfeited by the Board of Directors and shall be carried to the Reserve Fund of the Society.

iii) Unpaid Dividend shall be payable on application provided the same has not been forfeited.

iv) Dividend shall be proportionate to the amount paid on shares and the period in whole months for which the amount stood to the credit of the shareholder.

53. **ACCOUNTS AND RECORDS**

Accounts and records shall be maintained in forms prescribed under the Act, Rules and Bye- laws and approved by the Central Registrar with such additions as the Board of Directors consider necessary. Any member of the Society may inspect during office hours any of the registers or records in so far as it relates to his own business transaction.

54. **AUDIT**

a) The Accounts of the Society shall be audited by an Auditor appointed from the panel of auditors approved by the Central Registrar or from a panel of auditors, if any prepared by the Society at least once in each year and the remuneration of auditors shall be fixed by the Central Registrar or the Society as the case may be, as per the provisions of section 70 of the Act.

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b) The appointment of the auditor and his remuneration shall be approved in the General Body Meeting of the Society. The qualifications/disqualification, powers, rights and duties of the auditor shall be as prescribed under the Act.

55. **COMMON SEAL**

The society shall have a common seal, which will remain in the custody of the Chief Executive and shall be affixed in the presence of a Director and the Chief Executive as per specified resolution of the Board of Directors.

56. **AMENDMENT TO BYE-LAWS**

The amendment to the bye-laws of the society shall only be passed by a resolution of the meeting of the general body in which quorum is present by a vote of not less than two thirds of the members present thereat and not less than 15 clear days notice for the considering of such amendment has been previously given to members.

57. **EDUCATIONAL COURSE FOR MEMBERS**

The Society shall organize co-operative educational programmers for its members, directors and employees and sufficient funds in the regard shall be earmarked as per the requirement.

58. **SETTLEMENT OF DISPUTE**

i) All the dispute shall be referred to Arbitration in accordance with the provisions of the Act and Rules.

ii) The limitation period in disputes shall be as per the provisions of the Act.

59. **PROVIDENT FUND**

The Society shall maintain a Contributory Provident Fund for the benefits of its employees in accordance with the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952.

60. **SERVICES RULES**

The Society shall have services rules for regulating the service conditions of its employees as formulated by the Board from time to time.

61. **WINDING UP**

If winding up is necessary, it will be done as per the provisions of the Act.

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62. **ASSOCIATION OF EMPLOYEES IN THE MANAGEMENT DECISION MAKING PROCESS**

The society shall devise such procedure through administrative instructions for the association of employees in the management decision making process.

63. **MISCELLANEOUS**

i) No act of the General Body or the Board of Directors shall be deemed invalid by reason of any defect in the election of a Member thereof or by reason of any vacancy therein not having been filled in.

ii) If any doubt arises in the interpretation of the bye-laws of the Society, the same shall be referred to the Central Registrar for his advice and his decision shall be final.

iii) The matters which have not been provided for herein shall be decided in accordance with the provision of The Multi State Cooperative Societies Act and Rules. 2002.

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