

Registered Bye-Laws

Of



Aasra Cooperative Credit Society Ltd.

The first and the only Multi State Society with permission to cater interest-free financial services in 16 major states of India

Registered & Administrative Office

1st Floor, Khatau Building, 44 Bank Street, Fort, Mumbai - 400 001, India
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Certificate of Registration of the Society (dated 15th January 2001)

No.L-11015/7/2000-L&M
Government of India
Ministry of Agriculture
(Deptt. of Agri. & Cooperation)

Krishi Bhavan, New Delhi,

CERTIFICATE OF REGISTRATION

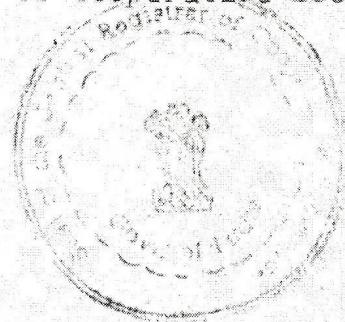
In pursuance of the provisions of the Multi-State Cooperative Societies Act 1984 a Society by the name Aasra Cooperative Credit Society Ltd., New Delhi with the registered office at 2545 AI-Najib Complex, Tiraba Bairam Khan, Darya Ganj New Delhi-110002 has been registered as Multi-State Cooperative Society under Section 7 of the Multi-State Cooperative Societies Act 1984 (51 of 1984). The registration number of the Society is MSCS/CR/115/2000. The area of operation of the Society will be confined to the Delhi, Bihar, Uttar Pradesh, West Bengal, Assam, Orissa, Haryana, Punjab, Rajasthan, Madhya Pradesh, Gujrat, Maharashtra, Andhra Pradesh, Karnataka, Kerala & Tamil Nadu. The bye-laws filed by the Society also been registered.

Given under my hand and Seal this the 15th
day of January, 2001.



(K.S. Bhorla)

Joint Secretary to the Government of India
&
Central Registrar of Cooperative Societies



Certificate of Registration of Amendments (Dated 2nd September 2008)

By Registered Post

No. L-11015/7/2000- L&M
Government of India
Ministry of Agriculture
Department of Agriculture & Cooperation

OFFICE OF THE CENTRAL REGISTRAR OF COOPERATIVE SOCIETIES


Krishni Bhavan, New Delhi.

**CERTIFICATE OF REGISTRATION
OF
AMENDMENT**

In pursuance of the provisions of the Multi State Cooperative Societies Act, 2002, amendment to Bye-law no1-1,1-2,1-2(A), 1-2(B),III,III(2)(d),III-4(A),III-9(A),1V-1(A),1V-3, VII- 1(a), VII- 1(b), VII- 1(c), VII -7. 1X-1(6),1X-3,X1-1(b), X1-8(A),X1-9&X11 of AASRA Cooperative Credit Society Ltd.,H.O Alnajib Complex,2545 Tiraha Bhhramkhan Darya Ganj, New Delhi-110002 are hereby registered under section 11 of the Multi State Cooperative Societies Act, 2002 (39 of 2002).

All other provisions as are not provided for herein shall be decided according to terms of MSCS Act, 2002 and the rules made there under.

Given under my hand and seal this the 2nd day of September, 2008.



(Rajendra Kumar Tiwari)
Joint Secretary to the Government of India
&
Central Registrar of Cooperative Societies.

To
✓ The Chairman,
AASRA Cooperative Credit Society Ltd.,
H.O Alnajib Complex,2545, Tiraha Bhhramkhan Darya Ganj,
New Delhi-110002

Registered Bye-Laws
Of
Aasra Cooperative Credit Society Ltd.

I - PRELIMINARY

1. The name of the society shall be **AASRA CO-OPRETIVE CREDIT SOCIETY LTD.**, and its **registered address** shall be **Khatau Building, 1st Floor, 44, Bank Street, Fort, MUMBAI – 400 001**. The society may establish branches anywhere within its areas of operation specified in Clause 3 below.
2. In these Bye – laws unless there is anything repugnant to the subject or context the expression “THE ACT” means the multi-state co-operative society Act 2002 as amended time to time and the words and expression defined in the act and used in these bye laws shall have the same meaning as assigned to them in the said act and rules 2002 as amended from time to time.
- 2 (A) The Society shall have a Common Seal. The Common Seal shall be kept in the safe custody of the Officer authorised by the Board and shall be used on the authority of a resolution of the Board constituted under the bye-laws of the society.
- 2(B) The Society is body corporate which sues and be sued in its name.
3. The area of operation of the society will be confined to the following states of India:

Delhi, Bihar, Uttar Pradesh, West Bengal, Assam, Orissa, Haryana, Punjab, Rajasthan, Madhya Pradesh, Gujarat, Maharashtra, Andhra Pradesh, Karnataka, Kerala and Tamil Nadu.

II- OBJECTS

- a. To provide to members residing in more than one state and without any social, political or religious discrimination avenues of thrift and savings and of loans on an interest – free basis.
- b. To provide to members such financial, consultancy and advisory services to member as to enable them to carry on their business in an efficient and profitable manner and to encourage mutual dealing among member to their mutual benefit.
- c. To prompt economic, social and culture betterment of its members, office-bearers and employees, though mutual aid and without interest and in accordance with the principles and practice of co-operation.
- d. To actively co operate in every partial way with other co-operative societies at local, national or international levels.
- e. To undertake purchase and supply to the members, of articles of domestic use and consumption and articles to start small trades and professions on hire and/or hire-purchase basis, or on such other basis and in accordance with such rules as may be framed by the board of Directors.
- f. To own lands and buildings or take them on lease or rent for the business of the society.



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- g. To undertake any business approved by the central Registrar by special or general order which would bring about better business, better living and better methods of provision amongst its members.
- h. To do other things incidental or conducive to all any of the above objects.

III – MEMBERSHIP

A society shall have following categories of members:

- i. Ordinary members.
- ii. Nominal / Associate Member.

1. The following persons may be admitted as members of the Society:

- a) The persons joining in the application for registration.
- b) An individual competent to contract under section 11 of the Indian contract Act 1872 which means the individual should be a major and of sound mind and is qualified for contracting according to law to which he is subject.
- c) Any multi-state co-operative society or any co-operative society.
- d) The central Government.
- e) The State Governments.
- f) The National Co-operative Development Corporation.
- g) Any other Corporation owned or controlled by the Government.
- h) Any Government company as defined in Section 617 of the Companies Act.
- i) Such class of persons or associations of persons as may be permitted by the central Registrar having regard to the nature and activities of the society.
- j) Persons admitted in accordance with these buy- laws.
- k) He has not been adjudged by a competent court to be an insolvent or an undercharged insolvent;

2. No person shall be admitted as a member of the society unless:

- a) He has applied in writing in the form, if any laid down by the society or in the form specified by the central Registrar, if any, for membership.
- b) His application is approved by the Board of Directors of the society.
- c) He has purchased the minimum number of shares and paid the value thereof in full as laid down in Bye-law No. VII 1(a).
- d) He had paid an entrance fee of **Rs.10/-** which shall not be refundable.
- e) He has attained the age of 18 years.

- f) He has not been sentenced for any offence, other than offence of a political character or any offence not involving moral turpitude and dishonesty and a period of 5 years has not elapsed from the date of expiry of the sentence.
- g) No individual being member and also a borrower of a primary level multi-state co-operative society or a multi-state credit society or a multi-state urban co-operative bank shall be member of a multi-state urban co-operative society or co-operative society of the same class without the general or special permission of the Central Registrar.

3. Admission as a member

- a) Every eligible person may be admitted as a member of the Society on his application.
- b) The application for admission of a member in the Society shall be disposed of by the society within 4 months of the date of its receipt thereof and it would be communicated to the applicant within 15 days from the date of such decision. If the decision is not taken within 4 months or the decision is taken, but not communicated within 15 days, it is deemed to have been refused by the society.
- c) The Society shall not admit member within 30 days prior to the date of the meeting of its General Body.

4. Member not to exercise rights till due payment made

No member of the society shall exercise the rights of a member unless he has made such payments to the society in respect of the membership, or has acquired such interest in the Society, as may be specified in the Bye-laws.

4 (A). Nominal or Associate Member

A person can be a nominal or associate member on payment of fee of Rs. 100/- only. Such member will not be entitled to subscribe to the share capital of the society.

Nominal or Associate members will not be allowed to have any interest in the management of the society including right to vote, contest election as director of the board or participate in the general body meetings of the society. Such members enrolled only for the purpose of deposits and loans schemes of society.

5. Expulsion of members

Subject to the provisions of the section 30(1) of the said ACT read with rules No. 11(2), (4) there under a member of the Society can be expelled on the following grounds:

- a) If he is a persistent defaulter.
- b) If he willfully deceives the Society by false statements
- c) If he intentionally does any act likely to injure the credit of the Society or fails to observe proper discipline in the regard to the work of the society.
- d) Expulsion may involve the forfeiture of all shares held by him.
- e) If he undertakes any profession similar to the objects of the society.



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- f) For any action which may be held by the board of the Directors or the General meeting to be dishonest or contrary to the stated objects of the society or to the interest of co-operation.
- g) A member of a society can only be expelled after he has been given a reasonable opportunity of making representation and the resolution for expulsion has been passed at the general Body Meeting by not less than 2/3rd of the members present and voting.

6. Re-admission

Subject to the provisions of section 30(2) of the said ACT, a member may not be re-admitted as a member of the society, for a period of 3 years from the date of his expulsion.

7. Cessation of Membership

1. A person Ceases to be member:

- (a) On death,
- (b) For lack of information as per Bye law No. III (2),
- (c) When his registration is accepted by the Board of Directors,
- (d) On expulsion under Bye law III (5),
- (e) On the transfer or forfeiture of all shares held by him,
- (f) On withdrawal after 3 months notice in writing to the Board of Directors, provided that the member withdrawing does not own anything to the society and is not a surety for an unpaid debt, withdrawal will take effect from the date of disposal of his shares as provided in these Bye laws.

2. Procedure of ascertaining the value of share or interest of member:-

Where the member of a society ceases to be a member there of the sum representing the value of his share or interest in the capital of the society to be paid to him or his nominee, or heir or legal representative, as the case may be, shall be ascertained under section 35 there under.

8. Votes of members

Subject to the provision of section 31 of the said ACT every member of the society has one vote which he can exercise. An employee of the society who is a member of the society also have one vote just like other members, but he cannot exercise his vote at an election of a member of the Board or in any general meeting for framing of amendment of its Bye- laws.

9. Register of members

The society shall maintain a register of member which shall be prima facie evidence of any following particulars entered therein:

- a) The date on which any person entered in such register or list becomes a members.
- b) The date on which any such person ceased to be a member.

9(A). Educational Course for Members:

The Society will organize independently or jointly with any other society, organization, or institute, educational programs for its members, directors and employees. The society may send any director/s and employee/s to participate in lectures, meetings, conferences and seminars from time to time as decided by the Board of Directors for the education and upgradation of personality.



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10. Manner of Exercising Vote

Subject to the provision of section 32 of the said ACT, Every member of society shall exercise his vote in person and no member shall be permitted to vote by proxy.

11. Where in these Bye-Laws it is provided that a written notice shall be given to any member, the delivery of such notice the house or dispatched there to under certificate of posting at which such member ordinary resides shall be deem to be sufficient service of such Notice.
12. When a member from whom money is due, pays sum, it shall be appropriated in the following order:-
 - (a) Firstly to fees; postal registration and other miscellaneous charges due form him.
 - (b) Secondly to service charges levied on loans.
 - (c) Thirdly to principal loan.

IV – SHARE CAPITAL

1. The value of each share shall be Rs.10/- and payable in one lump sum and this shall constitute the share capital.

1(A) Authorized Share Capital:

The authorized share capital of the society shall be Rs. 50,00,00,000/- (Rupees Fifty Crores) which shall comprise of 5,00,00,000 (Five Crores) shares of the face value of Rs. 10/- each.

2. Refund of share capital

The total refund of the share capital in any co-operative year shall not exceed 10% of the paid up share capital of the society on the last day of the co-operative year immediately preceding.

3. Restriction on Holding of Shares

No member, other than the authorities referred to in Clauses (c) to (g) of sub section (1) of section 25 shall hold more than ONE FIFTH of the total share capital of the society.

V – FUNDS

The funds of the society may be raised by all or any of the following ways:

- (1) By above mentioned share capital
- (2) Entrance Fees
- (3) Deposits from members/non members
- (4) By raising loans
- (5) Donation & Gifts

VI – DEPOSITS AND BORROWINGS

Deposits and loans may be raised from external sources on an interest-free basis for such period and under such conditions as may be decided and up to such an amount as may be determined by the Board of Directors provided that the total deposits and borrowings shall not exceed 10 times the sum of the paid up share capital plus the total reserves created and accumulated, minus any losses.

VII - SHARES

1. Preliminary

- (a) Every member shall purchase at least **10** share of the society.
- (b) Share shall be paid up in the single payment only of not less than **Rs.100/-**
- (c) Application of shares shall be made in writing and shall be disposed of by the Board of Directors.
- (d) The liability of a member shall not exceed the amount if any unpaid shares for which he or his estate is liable.
- (e) A share certificate bearing a distinctive number shall be issued for every Share. The share certificate shall be signed by the Chairman, or any Director duly authorized and the Chief Executive Officer. The Share certificate shall bear the Society's seal.
- (f) Dividend shall be paid on share subject to the provision of said ACT and RULES.
- (g) Restriction of transfer of shares or interest and transfer of interest on Death of member shall be governed by section 36, 37 of the said ACT.
- (h) During the period of 2 year from the date of registration of the society, no Share or shares held by a member shall be transferred to another member. But the shares held by a deceased member may be transferred to his heir or nominee provided he is duly admitted as member of the society in accordance with the bye-laws.
- (i) A member may transfer his shares or share to another member with the prior approval of Board of Directors. No transfer shall be completed until the name of the transferee has been entered in the share register.
- (j) On the death of member, all amount standing to his credit by way of shares, dividends, etc, shall subject to the deduction on account of his liabilities, be paid within one year from the date of his death to the person nominated by him or in the absence of such nomination to such person as may appeared to the board of director to be entitled to receive the amount as heir or legal representative of the deceased member on his executing a Deed of indemnity to the society, provided that the deposits to the credit of the deceased member shall not be so paid until the period of the deposit, if any has expired.
- (k) For the purpose of transfer of the member's share or interest under sub-section (1) of section 37 a member of the society may nominate a person to whom in the event of the death, his share or interest shall be transferred. Such member may from time to time, revoke or vary such nomination. The nomination is to be made by the member in writing and signed by the Member in the presence of 2 witnesses attesting the same and recorded in the society's books kept for his purpose.

2 Redemption

A member of the Society shall redeem his shares and the amount paid back per share shall be the net worth of the Society on the basis of its last audited balance sheet preceding cessation of membership divided by the total number of shares of the society, subject to a maximum of the amount of actually paid by on the shares.

3. Liability of past member and estate of deceased member

The liability of the member or estate of a deceased member for the debts of the Society as the existed



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- (a) in the case of a past member, on the date on which he cased 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 estate.

4. Charge and set off in respect of share or contribution or interest of members

The society shall have a charge on the shares or contribution or interest in the capital and on the deposits of a member or past or deceased member and on any dividend, bonus or profits payable to a member or past member or the estate of a deceased member in respect of any debt due from such member or past member or the estate of such deceased member to the society and any set- off any sum credited or payable to member or past member or the estate of deceased member in or towards payment of any such debt.

5. Share or contribution or interest not liable for attachment

The society has an interest in the shares of a member as these shares from part of its capital and the society has locus-stand to object to the attachment of these shares.

6. Shares not be hypothecated

The share of society shall not be hypothecated to the society or any other society by the members as a security for a loan.

7. Prohibition on admission of members and transfer of shares on the eve of General meeting

- (1) The society shall admit members or approve the transfer or shares within 30 days prior to the date fixed for the General body meeting.
- (2) Any person admitted as member as and any person in whose favor the transfer of shares have been approved in contribution of Rule 18 shall not have the right to vote at the General meeting.

8. Disqualification of defaulting member

A member of the society or a representative of defaulting member, society shall not be eligible to seek election to any office in, or continue, as a member of the board of such society, if he or the society of which he is the representative, commits default in the payment of annual subscription or other some due to such society . A member, or a representative of a defaulting member society, if holding any office the society, shall forfeit the right to hold such office with effect from the date on which he, or the society of which he is the representative, becomes defaulters as per Buy-laws of the society or as determined by the Board of Directors of the society.

VIII - LOANS

1. Loans, cash credit and or over drafts on current Accounts may be granted, at the discretion of the Board of Directors to members on security of securities mentioned below or other security or securities approved by the Board of Directors or without security subject to the directive issued by the central Registrar from time to time relating to the loans and advances of a credit society.
 - (a) Pledge of gold and silver ornaments

- (b) Collateral of movable and immovable property such as land, building, and ownership flat and utility articles purchased with the finance provided by the society.
- (c) Personal security and or surety/ sureties of member/members
- (d) Industrial, mercantile, agricultural and other marketable commodities or machinery including transport vehicle, under pledge, hypothecation or charge of the society.
- (e) Pledge of Government, Trustee securities shares of approved companies, debentures and deposits with the society.
- (f) Insurance policy assigned to the society within the surrender value.
- (g) Ware house receipts.
- (h) Any other tangible security.

PROVIDED, HOWEVER, That one or more of the securities specified above may be taken at the discretion of the Board of Directors. Any member applying for a loan must specify in his application, the amount required for the purpose which the loan is needed and the nature of the securities, the member wants to give. The Board of Directors has the right to refuse the application or to alter the amount of the loan and the conditions on which the loan is given.

2. The society shall not make a loan.
 - (a) To a member on the security of his share or on the security bond of a non-member.
 - (b) To a non-member.
3. Loans and advances shall be granted on interest-free basis to members only. However service charge may be levied on such loans and advances and that such charges shall not exceed the cost of actual servicing of loans and advances estimated periodically at such regular intervals as is deemed proper by the Board of Directors.
4. The Board of directors shall frame detailed rules and regulations prescribing the procedure for sanction of loans and advances, margins to be maintained, proportion of unsecured loans, proper terms and conditions and nature and extent of different securities.
5. Loans may be granted for necessary purpose but they shall not be granted for extravagant or for speculative purpose. The application for loan shall be in such form as may be required by the board of Directors. The board of Directors has the right to recover loans at any time prior to final date, if the loan for a specific purpose is misused. The decision of the Board shall be final in deciding whether the loan was misused or not.
6. The limit up to which loans and advances may be granted and the nature and value of the movable and immovable property required to be mortgaged shall be in accordance with and as prescribed in the rule framed by the Board of Directors. Such mortgaged property shall be fully insured against all sort of risk.
7. **Deleted**



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8. For every loan a Bond shall be executed stating the due date of the installment, the nature of the security and the estimated service charges to be levied, if any. But if the loan does not exceed Rs.100/- a promissory note may be accepted at the description of the Board of Directors.
9. Fines may be charged from the member, for default in repayments, at the discretion of the Board of Directors.
10. The Board of Directors shall fix the period of repayment of loan subject to section 66 of the ACT there under.
11. Loans and repayments shall be entered in a pass book which shall be supplied to every borrower.

IX – INVESTMENT OF FUNDS

1. The Society may invest or deposit its funds in any or more of the following modes.
 1. Any mode provided in clauses (a) to (e) of section 64 of the Act.
 2. Any post office Saving Bank.
 3. Any Savings Scheme launched by the Central or the State Government.
 4. Shares of a Corporation or other body Corporate on which the Central or the State government or both hold more than fifty per cent of the Shares and
 5. The debentures floated by the Corporation or a body corporate, if such debentures are granted by the Central or the State government or by the Reserve Bank of India.
 6. In such other mode as may be decided by the Board of Directors from time to time.
2. Writing off of bad debts and losses.

The procedure for writing off bad debts and losses will be governed by Rule 8 and the ACT there under.
3. **Restriction on Contribution.**

The Society shall not make a contribution, either in money or in kind, whether directly or indirectly, to an institution which has an object of furtherance of the interest of a political party.

X – GENERAL BODY – MANAGEMENT

1. The General Body shall consist of all member of the Society; the ultimate authority of the Society shall vest in the General Body of Members.
2. The General Body shall meet at least once in a year in the Annual General Meeting.
3. Subject to the provision of THE RULES, and the Rules made there under and subject to a specific delegation of powers to the Board of Directors under these Bye-laws, or delegation of other power by a specific resolution of the General Meeting, the Supreme Authority of the Society shall vest in the General Body as envisaged in Section 38 of THE ACT. The General Body shall not, however, interfere with the action of the Board of Directors or any action of the office-bearers of the Society performed in exercise of the power conferred on them under these Bye-laws or in pursuance of the powers delegated to them by the General Body.
4. **ANNUAL GENERAL MEETING:**
 - (a) The society shall hold its Annual General Meeting of its members referred to in Section 39 of the ACT within 6 months of the close of the co-operative year.



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- (b) The First General Meeting shall be held within 6 months from the date of registration of the Society.
- (c) All the General Meeting of the Society shall be convened in accordance with the provision under Section 39/40, of the ACT, and the RULES 13 to 20, there under. It shall be the duty of the Chairman and/or Chief Executive to call the Annual General Meeting as required in 39 of the ACT or a Special General Meeting when necessary. The Chairman shall preside over the General Meeting. In case of his absence; the members present shall elect a Chairman for the meeting.
- (d) In case of Annual General Meeting 14 days notice and for Special General Meeting 7 days notice and when the Bye-laws are proposed to be amended 14 days notice shall be given. The notice shall specify the place, date and boar of the meeting and the business to be transacted there at and shall be issued under the signature of the person authorized to call such meeting.
- (e) The notice of the General Meeting shall be given by communication delivered or posted to each member or by notifying in a local daily Newspaper. It shall also be pasted on the office Notice Board. Non-receipt of any such notice by any member shall not invalidate the proceeding of an Annual General Meeting or Special General Meeting unless the rights of a large number of members as prejudiced thereby, in circumstances the Central Registrar shall decide about the validity of such meeting.
- (f) One fifth of the total number of members or 25 (whichever is less) shall from a quorum at General Meeting, if on the date of Meeting there is no quorum or if all business is not complete, the consideration of all or of a port of the business may be abandoned or adjourned to a later hour of the same day or a subsequent date not earlier than 7 days as may have been specified in the notice calling the meeting. The original meeting shall be transected whether there is quorum or not.

For the benefit of members who remained absent, a notice in the news paper as well as on the notice board of the office may be given so that such member can attend the adjourned meeting even though they may not have attended the meeting itself.
- (g) The Annual General Meeting and the Special General Meeting will deal With matters as specified in Section 39 and 40 of the said ACT and in accordance with the procedure laid down therein to will, however, be competent for the General Meeting to deal with any matter concerning the working of the Society not inconsistent with the provisions of the Act, Rules and/or Bye-laws and not specifically excluded from its preview under such Act, Rules or Bye-laws.
- (h) The proceedings of the Annual General Meeting shall be recorded in a minute book and shall be signed by the Chairman of the meeting and placed for confirmation and information of the next meeting.
 - (i) To read the minutes of the last General Meeting.
 - (ii) To consider the Board of Directors report on the working of the Society for the preceding years and its future programs together with audited statements of accounts including the Balance Sheet and the profit and loss accounts.
 - (iii) To sanction distribution of profits and to declare divided.



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- (iv) To consider communications from Registrar and/or Auditors relating to annual audit.
 - (v) To appoint duly qualified auditors for the ensuing year for conducting internal or local as well as statutory audit, or as directed by the Central Registrar if necessary and to fix their remuneration.
 - (vi) To declare the result of election of the Board Members when due and held.
 - (vii) To fix the maximum limit up to which the Board of directors may raise funds under Bye-Law No. VI.
 - (viii) To consider any other subject of which proper notice has been given as prescribed in the Agenda provided that the subject brought forward does not relate to the expulsion of member or amendment to the Bye-laws of the Society or reconsideration of a decided subject to the provisions contained in section 39 of the Act, read with Rules there under and amendment to Bye-laws be done as per the procedure laid down in Section 11 & 12 of the ACT, read with Rule 6 there under. Removal of the Board of Directors or any of its members shall be subject to the provisions of Section 43 of the said ACT.
5. Function of the Special General Meeting shall be to transact the business as specified in the notice of the meeting.
- (i) With the permission of two-third of the members present at a General Meeting, any member may bring forward a proposal not mentioned in the notice convening the meeting provided that such proposal does not relate to the expulsion of a member or the alteration of a Bye-law.
 - (ii) The chairman shall have a casting vote in addition to his ordinary vote in case of tie.
 - (iii) Every member shall have one vote only, irrespective of the number of shares held by him.
 - (iv) Every member shall have one vote provided that a member whom an arbitration award has been passed and execution proceedings started for the recovery of awards amount shall not be entitled to vote on the question of election of the Board of Directors and other office bearers.
6. **AMENDMENT OF BYE-LAWS:**
- 1. None of the Bye-law herein contained shall be altered or rescinded nor shall any Bye-law be added, except in accordance with the provision and procedure under section 11(2) of the said ACT and in Rule 6 there under.
 - 2. The Society shall maintain an up-date copy of its Bye-laws, ACT and RULES there under and shall make them available for inspection during office hours.

XI- BOARD OF DIRECTORS – MANAGEMENT

The day to day function and supervision of the activities of the Society will be managed by the Board of Directors. Subject to the Bye-Law and the resolutions passed at a General Meeting, the Board of Directors shall have full authority to carry on the business of the Society.



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1. CONSTITUTION:

- (a) The board of Directors shall consist of max 21 members.
- (b) The term of office of the elected members of the Board shall be 5 years from the date of election.
- (c) The first Board of Directors will be elected by the members at the first General Meeting held within six months from the date of registration and subsequently at such intervals as the Bye – laws may provide.
- (d) The board of Directors at its first general meeting from amongst the elected members, elect a Chairman, vice Chairman, President and appoint or approve appointment/continuance of appointment of a full-time Managing Director. The latter will be the Chief Executive Officer of the Society.

2. ELECTION:

- (a) At the close of every Co-operative year 1/3rd of the number of Board members shall retire. In the event of the number of Board member not being a multiple of three, the number of the Board members to retire, shall be nearest of 1/3rd of the on higher said. The board member to retire shall be those who have been longest in office since their last election, but between people who become Board member on the same day, those to retire shall unless they otherwise agree among themselves, be determined by drawing lot. As soon after the close of the Co-operative year, as practicable, the Board of Directors shall notify on the notice Board of the society the names of the Board members retiring under this clause and arrange to hold election to fill in the vacancies so caused.
- (b) The election of the Board of Directors (office bearers) shall be by secret ballot.
- (c) No person shall be eligible to be elected as a member of the Board of Society unless he is member of the General Body.
- (d) No member of the Board Directors shall be eligible to hold the office of a president or Chairman or vice president or vice chairman on the Board of the Society after he has held the office as aforesaid during 2 consecutive terms whether full or part.
- (e) Vacancies among the elected member of the Board of Director from death or any cause may be filled up by the Board member by the co-option. Such Board members shall hold office till the next Annual General Meeting.
- (f) Any member of the Board of Directors may at any time resign his office by sending a letter of his resignation to the Chairman of the Society and such resignation shall take effect only from the date on which it is accepted by the Board.
- (g) Each member of the Board of Directors elected or appointed or the nominated shall continue in office after the expiry of his terms of office until another member is elected or appointed in his place.
- (h) If a member of the Board of Directors absents himself from three consecutive meeting of the Board without leave of absence he shall cease to be a member of the Board.
- (i) All questions before the Board of Directors shall be decided by majority of votes. If there is equality of votes, the chairman or other presiding member shall have a casting vote. No



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members of the Board present at a meeting shall vote when any matter in which he or any of his blood relative is personally interested is discussed.

- (j) The Board of Directors shall meet once a quarter and shall submit at the end of the year a report to the General Brady of the Society on the financial position and working of the society together with the Audited Annual Accounts and a report of appropriation of profits.
- (k) The member of the Board of Directors shall be jointly and severally responsible for making good the loss which the society may suffer on account of the negligence or omission to perform any of the duties and functions cast on them under the Bye-Laws of the society as also under the Act and Rules framed hereunder for time-being in force.
- (l) The election of the members of Board of Directors notwithstanding anything contained in this Bye-Law shall be governed by the model election rules framed by the central Registrar in this behalf from time to time or by the Board of Director and approved by the Central Registrar.

3. POWERS, DUTIES & FUNTIIONS OF THE BOARD:

Subject to the Section 49 of the ACT, amongst other things, the Power and Functions of the Board of the Directors shall be:

- (1) To admit new members;
- (2) To appoint, suspend, fine, or dismiss all salaried servants of the Society, subject to appeal to the General Meeting;
- (3) To hear and deal with complaints;
- (4) To deal with applications for loans;
- (5) To supervise and check the accounts;
- (6) To enquire into and take action in case of default;
- (7) To prepare Annual Balance Sheet;
- (8) To raise loans and deposits on such terms as may be decided upon;
- (9) To institute, defend or compromise legal proceeding;
- (10) Central to conduct the business of the Society;
- (11) To endorse, sell, transfer or otherwise deal with shares of Government and other securities on behalf of the society and to delegate power in this respect to two or more members of the Board;
- (12) To fix the limit of cash balance which could be kept on hand by the Managing Director or any other officer of the society and to fix the responsibility of the same on the person concerned;
- (13) To see that the cash received by the society is banked regularly;



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- (14) To arrange to send the report and information asked by the Co-operative Department in due time;
- (15) To get the accounts of the Society audited by internal auditor appointed under Bye-laws;
- (16) To distribute the work of the Society among the office-bearer of the Society and to fix up the responsibility of the same upon them;
- (17) To take security from such member of the staff and in such from and for such amounts as the central registrar may by general or special orders directs or with such variations therein as the Board may make with the prior approval of the Central Registrar;
- (18) To arrange for the preparation of the Annual Report and balance sheet and receipts & Disbursement of profit & loss Accounts and Appropriation of profits for the previous Co-operative year and to approve them and decide what Allowances should made depreciation of assets;
- (19) To deal promptly with all cases of errors and default;
- (20) To appoint committee or sub-committees to deal with specified matters and to delegate to them such specific powers as it may deem necessary or be specified in writing under this Bye-Laws;
- (21) To frame regulations (which shall be entered into the proceedings book of the Society) for conduct of the business of the Society, consistent with the ACT, RULES there under and the Bye –Laws of the Society and subject to the approval of the Central Registrar;
- (22) To utilizes the various funds for the purpose for which they are created, in accordance with the provisions of the ACT, RULES and Bye-Laws;
- (23) Subject to the provisions of section 64 of THE ACT and read with Rules to sanction investment of funds of the Society;
- (24) To grant extension for payment of dues to member, after recording reasons for such extensions in each case;
- (25) To place before the General meeting of the Society the audit memos and inspection notes;
- (26) To lay down policies of business, and generally to direct and control the affairs of the Society prudently and efficiently and in the best interest of the Society, with due accord to the security of the funds of the society and interest of the members and the general public;
- (27) To make estimates of likely bad and doubtful debts;
- (28) To consider the audit memo and to rectify the defects pointed by the Auditor;
- (29) (a) To authorize one of the members of the Board by name to verify the cash balance as shown by the books of the Society at least once a fortnight and other property of the Society at least once in a month and report to the Board the result in the next meeting. If any shortage in cash balance or of any other property is reported, it shall be the duty of the Board to take prompt steps for the recovery or the shortage, failing which the Board members shall be jointly and severally responsible to make good the shortage.

- (b) It shall be the duty of the auditor appointed under the Bye-Law to check the accounts and documents of the Society; and ask the Board of Directors to Produce all there requisite books for their inspection. This audit shall be in addition to the statutory audit.
- (30) To consider proposals for opening of branches;
- (31) To open bank accounts or deposits accounts with any bank or financial institutions and to authorize office bearers and/or officers of the Society to deal with the same;
- (32) To secure membership or affiliation to appropriate institutions.
- (33) To establish and support the provident fund scheme for the benefit of the staff;
- (34) To nominate the representative of the society on the various committees, general body meetings, whenever necessary, and for attending conferences and seminars etc;
- (35) To make alter rescind or abrogate rules from time to time, regarding the following:
 - (a) Deposits of all types.
 - (b) Loans, advances and other business.
 - (c) T.A. and D.A. to office bearers and members of the staff.
 - (d) Provident fund, bonus and gratuities to staff.
 - (e) Recruitment and service condition of the staff.
- (36) To perform all acts connected with administration of the society and to undertake all activities and business in furtherance of the aims and abject of the society as well as for the benefits of and sacrifice to the members of the society.

4. DISQUALIFICATION/REMOVAL OF ELECTED MEMBERS OF THE BOARD:

No member shall be eligible for election as a member of the board of Directors if he incurs any of the disqualification / removal referred to in section 43, of the ACT.

A member of Board of Director shall be deemed to have vacated his office even before the expiry of his normal terms if he incurs any of the disqualifications to in section 43 of the said ACT or for any of the following reasons:-

- 1) On death;
- 2) On resignation;
- 3) On permanent insanity;
- 4) On ceasing to hold the minimum number of shares;
- 5) He is removed from the Board in pursuance of the provision contain in section 43 of the ACT;
- 6) He is removed by a majority of votes at a general Meeting under Section 39;
- 7) After receiving a notice of the date of meeting of the Board, he absents himself at three successive meeting of the board without taking leave of absence for reasons which in the opinion of the Board is not satisfactory;
- 8) He accepts any place or position of profit or remuneration of the Society except as a Managing Director in his professional capacity as pleader;
- 9) He is in default to the society in respect of any dues from him as a borrower for a period of three months.



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On any member incurring such disqualification (except on death or resignation) the Board shall issue a written notice to the said member and remove him from the Board by adopting a resolution to that effect.

5. MEETINGS:

The Board shall meet as often as necessary to transact business, but it shall meet at least once a quarter. The Chief Executive shall convene the meeting of the Board at the instance of the chairman or president of the Society. The meeting of the Board of the society shall ordinarily be held at the meeting of the Board of the society.

The notice of the meeting together with the agenda of the meeting and notes thereon, if any, shall be given to all the Board members at least five days prior to the date of the meeting, $\frac{1}{3}$ rd of the total strength of the Board of Directors shall form a quorum. If such number is a fraction figure, it shall be rounded to the nearest figure on upper side and such rounded figure shall constitute a quorum.

6 COMMITTEES OF THE BOARD:

The Board of Directors shall constitute an Executive committee and other sub-committee or sub-committees as be considered necessary subject to Section 53 read with Rules there under of the ACT.

7. PAYMENT OF HONORARIUM:

Honorarium shall be paid to the elected chairman or president of the Board out of the profits of the Society in respect of specific services rendered by him restricted to the conditions of Section 51 and as prescribed by Rule of the ACT.

8. DUTIES AND POWER OF THE CHAIRMAN:

The duties of the chairman of the Board of Directors shall be to preside all Board meetings when present and to see that the resolutions of the Board of Directors are given effect to, for the proper conduct of the business of the Society and to exercise general supervision and control over the paid staff and to do such other things as are conducive to the best interests of the society under the general direction of the Board of Directors.

8(A) DUTIES AND POWER OF THE VICE CHAIRMAN:

The duties of the vice chairman of the Board of Directors shall be to preside all Board meetings in absence of the chairman when present and to see that the resolutions of the Board of Directors are given effect to, for the proper conduct of the business of the Society and to exercise general supervision and control over the paid staff and to do such other things as are conducive to the best interests of the society under the general direction of the Chairman and Board of Directors.

9. CHIEF EXECUTIVE OFFICER – POWERS, DUTIES AND FUNCTIONS:

The Board of directors shall appoint a Chief Executive Officer who will be the Managing Director working full-time as an employee of the society.

The Chief Executive Officer shall be the member of the Board and of the Executive Committee and such other committee or sub-committees as may be constituted under sub-section (1) of section 53 of THE ACT.



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The Board of Directors shall control the Chief Executive Officer whose duties, power, functions shall be to discharge the following.

- (1) To carry on the correspondence of the Society and to maintain all its records.
- (2) To receive applications for loans, withdrawals of deposits, etc., and to lay them before the board of directors.
- (3) To be responsible for giving effect to resolutions passed by the Board of Directors from time to time.
- (4) To attend all business entrusted to him by the Board of Directors.
- (5) To maintain all the books of accounts of the Society.
- (6) To prepare receipts and voucher.
- (7) To receive and disburse money on behalf of the Society under the orders of the Board of Directors and be responsible for maintaining the cash balance in accordance with any rules framed by the Board of Directors in this regard.
- (8) Day-to-day management of the business of the Society;
- (9) Signing on the documents for and on behalf of the Society;
- (10) 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 provision of the ACT, RULES and the Bye-laws.
- (11) Contenting meetings 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 and maintaining proper record for such meetings;
- (12) Making appointments to posts in the Society in accordance with the Section 52 except the posts in relation to which the power of appointments vests in the Board under clause (d) of that sub-section 2 of section 49.
- (13) Assisting the Board in the formulation of policies and objective and planning;
- (14) Furnishing to the Board periodical information necessary for appraising the operations and functions of the society;
- (15) To open/ operate bank Accounts / bank Lockers.
- (16) Performing such other duties, and exercising such other power, as may be prescribed or as may be specified in the Bye- laws of the society or as directed by the Board of Director of the Society.

10. PERSONS AUTHORISED TO SIGN / EXECUTIVE DOCUMENTS:

The Chairman, one Member of the Board of Directors, the Managing Director and other members specially authorized for the purpose by the Board of Directors shall have power jointly to execute documents; grant receipts and sign loan bonds, cheques, drafts, seal and deliver the document on Behalf of the Society. Receipt shall be issued for all the deposits, for repayment of

loans and other sums received by the Society. Pass-book will be issued to members holding deposit accounts. All transaction of the members will be recorded therein and signed by the Managing Director or persons authorized by the Managing Director as the case may be. Any members of the Society may inspect any of the Registers or documents during office hours, so far as they relate to his own business transaction.

The Chairman/Chief Executive Officer or any member of the Board or the salaried staff authorized by either of them shall sign the cash book. The responsibility of the cash balance shall rest jointly and severally on the Board of Directors and/or the member of the Board of Directors so authorized for custody of cash in accordance with the above Bye-law. The cash balance held by each of them shall be recorded in the cash book in words and figures.

11. SUPERSESSION OF BOARD:

In case of persistent defaults or negligence of duties imposed on Board of the Society under the Act or Rules or the Bye-laws or has committed any act which is against the interest of the Society or its members, the Central Registrar may remove the Board as per the provisions, procedures, of Sections 48 of the Act.

XII - DISPOSAL OF NET PROFITS

1. Subject to the provisions under Section 63 of the ACT and RULES there under, the Society shall out of Net Profits of any in a year distribute as under:
 - (a) A sum not less than 25 per cent of the net profits shall first be carried to the Reserve Fund;
 - (b) Of the net profit one percent shall be credited to Co-operative Education Fund maintained by the National Co-operative Union of India Limited, New Delhi.**
 - (c) A sum not less than 10 per cent of the net profits shall be carried to the Reserve Fund for meeting unforeseen losses.**
 - (d) The **balance of the net profits that then remains** may at the discretion of the Board of Directors be divided as follows:-
 - (i) A sum shall be set aside sufficient to pay the share holders a dividend not exceeding **15%** for that year on the paid up share capital standing in their names and not exceeding the one recommended by the Board of Directors.
 - (ii) **25%** shall be distributed as Bonus to all members in proportion to the amounts of their cumulative and/or fixed deposits in the Society and to all the borrowing members in proportion to the service charges paid by them in the course of the proceeding co-operative year;
 - (iii) **20%** shall be carried to the Building Fund;
 - (iv) **10%** shall be distributed as Bonus to employees of the Society provided that in no case does it exceed two months pay;
 - (v) **5%** shall be spent to propagate Co-operative Principles and human resource development or interest free credit programmers either directly or through the National Co-operative Union of India;



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- (vi) **25%** shall be kept at the disposal of the General Meeting to use in such a way as is most conducive either to the business of the Society or to the development of Co-operative or other charitable purpose subject to the provisions of the ACT and RULES.

2. **DIVIDENDS:**

If no dividend be claimed for a period of three months from the date of declaration, a notice shall be issued by the Board calling upon the member to take the amount within one month from the date of the notice. The dividend if not claimed, shall be credited to the Statutory Reserve Fund.

3. **RESERVE FUND:**

The Society shall utilize and/or invest the Reserve Fund as per provision of Rule 24 of the Multi-State Co-operatives Act 2002. The following shall constitute the Reserve Fund:

- (a) Profit if any as per clause XII (1).
- (b) Unclaimed dividend.
- (c) Receipts on account of forfeited shares.
- (d) Entrance Fees.

XIII – AUDIT & ACCOUNTS

- (1) The Society shall prepare Annual Statements of Accounts required under the ACT and RULES.
- (2) **Before July 16th** annually, the Board of Directors shall draw up statements showing the receipts and expenditure, assets and liabilities and profit and loss for the previous year. A copy of these statements shall be supplied to the Central Registrar Authority and the Auditor appointed by the society and copy of the same shall be exhibited on the Notice Board of the Society on or before 31st July.
- (3) In addition to the accounts, audits, registers, books and records prescribed under rules 27 of the Multi –State Co-operative Society Rules 2002, such other Registers, Accounts Books, and ledgers shall be maintained as the Board of Directors thinks necessary and/or as may be laid down by the Central Registrar or recommended by the Auditors appointed by the Society from time to time.

XIV - INSPECTION AND INQUIRY

The Central Registrar or any person authorized by him by general or special order in writing in this behalf shall inspect the Society in accordance with provisions under Section 78, 79, 80, 81 and 82 of the Act.

XV – DISPUTES

If any dispute touching the constitution or business of the Society arises between member or past members of the Society or persons claiming through a member or past member or between members or past members or persons so claiming and any officer, agent or servant of the Society (past or present) or between the Society or its Committee, Any officer, agent, member or servant of the Society (past or present) it shall be referred to the Registrar, as provided in the Section 84 Multi – State Co-operative Society Act 2002 and the RULES framed there under.



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XVI - LIMITATION

Notwithstanding anything contained in the Limitation Act 1963 but subject to the specific provisions made in this Act, the period of limitation in case of dispute referred to the Central Registrar be governed by the Section 85 of the Act.

XVII - WINDING

In the event of liquidation the distribution of surplus Assets shall be made as per the provisions made in Section 86 of the ACT and Rules 28, 29 of Multi State co-operative Rules 2002.

XVIII - GENERAL

All matters not specifically provided for, are to be decided in accordance with the Multi – State Co-operatives Societies Act, **2002** and the Rules framed there under.

Date:

Place: NEW DELHI.

(Chairman)

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