

Bye-Laws of :-



The Azad Co-op. M/P Marketing Society Ltd.

231, SARAI PIPAL THALLA, AZADPUR, DELHI-110033
PHONE : 27226815, 27442487

F. No. L-11015/18/2004-L&M
Government of India
Ministry of Agriculture
(Department of Agriculture & Cooperation)

OFFICE OF CENTRAL REGISTRAR OF COOPERATIVE SOCIETIES

Krishi Bhawan, New Delhi

CERTIFICATE OF REGISTRATION

In pursuance of the provisions of the Multi-State Cooperative Societies Act, 2002, a Society by the name of **The Azad Co-operative Multi Purpose Marketing Society Ltd., Azadpur, Delhi** with the registered office at **231, Dal Mill, Sarai Pipal Thala, Azadpur, Delhi-110 033** has been registered as Multi-State Co-operative Society under Section 7 of the Multi-State Cooperative Societies Act, 2002 (39 of 2002). The registration number of the society is **MSCS/CR/208/2005**. The area of operation of the Society will be confined to the States of **Delhi, Haryana and Uttar Pradesh**.

The bye-law filed by the Society have also been registered.

Given under my hand and seal this 2nd day of February, 2005.

(Satish Chander)
Joint Secretary to the Government of India
&
Central Registrar of Cooperative Societies

To

Executive Director,
The Azad Co-operative Multi Purpose
Marketing Society Ltd.,
231, Dall Mill, Sarai Pipal Thala, Azadpur,
Delhi-110 033.

THE AZAD COOPERATIVE MULTI PURPOSE MARKETING SOCIETY LIMITED

BYE LAWS

1. Name

The name of the society shall be the 'THE AZAD COOPERATIVE MULTI PURPOSE MARKETING SOCIETY LIMITED', Azadpur, New Delhi.

2. Principal place and other places of business of the Society

The principal place of business of the Society and its registered office shall be at 231, Dall Mill, Sarai Pipal Thala, Azadpur, Delhi. The other places of business of the society namely branches of the society will be opened in the States of Haryana and Uttar Pradesh. Any change in the address shall be notified to the Central Registrar within fifteen days of its change and also published in local Newspaper and shall be made by an amendment to its bye-laws after following the procedure laid down in Section 11 of the Multi State Cooperative Societies Act, 2002.

3. Area of operation

The area of operation of the society shall be confined to the States of Delhi, Haryana and Uttar Pradesh.

4. Definitions

- a) 'Government' means the Government of India.
- b) The words 'Act and Rules', used in these bye laws mean the Multi State Cooperative societies Act, 2002 and the Rules framed thereunder.
- c) 'Central Registrar' means the Central Registrar of Co-operative Societies appointed under sub-section (1) of Section 4 of the Act and includes any officer empowered to exercise the powers of the Central Registrar under sub-section (2) of that section.
- d) 'Co-operative principles' means the co-operative principles specified in the First Schedule of the Act.
- e) 'Co-operative year' in relation to the accounting of the society means the year ending on 31st day of March of the year.
- f) 'Society' means The Azad Cooperative Multi Purpose Marketing Society Limited.
- g) 'Area of operation' means the area from which persons are admitted as members of the Society.'
- h) 'Member' means a person joining in the application for registration of membership of the Society and includes a person duly admitted to membership after such registration in accordance with the provision of these bye laws.
- i) 'Associate Member' means a person duly admitted as an associate Member of the Society under the provisions of these bye laws.
- j) 'General Body' means the body consisting of all the members of the Society.

- k) 'Bye-laws' means the bye laws of The Azad Cooperative Multi Purpose Marketing Society Limited for the time being in force which have been duly registered under the Act.
- l) 'Board' means the Board of Directors of The Azad Cooperative Multi Purpose Marketing Society Limited to which the management of the affairs of the Society is entrusted.
- m) 'Officer' means the President, Vice-President, Chairperson, Chief Executive, manager and member of the Board and includes any other person empowered under the Act or the Rules or the bye laws of the society to give directions in regard to the business of the society.
- n) 'President' means the President of the Board of The Azad Cooperative Multi Purpose Marketing Society Limited.
- o) 'Vice-President' means the Vice-President of the Board of The Azad Cooperative Multi Purpose Marketing Society Limited.
- p) 'Chief Executive' means the managing Director appointed by the Board under Section 51 of the Act. If no Managing Director is appointed, the General Manager appointed by the Board shall be the Chief Executive of the Society.
- q) 'Sale Officer' means any person authorized by the Central Registrar by a general or special order to attach and sell the properties of the judgement debtor or to execute any decree by attachment or sale.
- r) 'Recovery cell' means the body approved by the General Body for the recovery of the dues to the society.
- s) 'general meeting' means a meeting of the general body of the multi state cooperative society and includes special general meeting.
- t) "multi state cooperative society" means a society registered or deemed to be registered under this Act and includes a nation cooperative society and federal cooperative.
- u) 'notification' means a notification published in the official Gazette.
- v) 'prescribed' means prescribed by rules.

5. Objectives of the Society.

The objectives of the Society are to :-

- a) Promote social and economic betterment of member through self help and mutual aid in accordance with co-operative principles specified in the First Schedule of the Act.
- b) issue of shares, non-convertible debentures & other instruments to raise resources for the society to fulfill its objectives,
- c) raise funds for business of the society,
- d) accept grants, subsidies, assistance and concessions from internal and external sources subject to

any law for the time being in force,

- e) open administrative offices, branches, pay offices, extension counters, as the case may be, for the benefit of the society,
- f) promote subsidiary institutions for the furtherance of the objectives of the Society or incidental the objectives of the Society or incidental thereto.

6. Services to be provided by the Society

The Society will organize, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, distribution of agricultural implements, seeds, pesticides and other agricultural inputs, undertake inter-state import and export trade, wholesale and retail, as the case may be, and to act and assist for technical advice and training in agricultural production for the promotion and enhancing the socio economic status of its members. In furtherance to this, the society shall work :

- To arrange purchase, storage and supply of all fertilizers, pesticides and other inputs
- Practical demonstration of the improved methods of cultivation.
- To help and provide technical advise to the members of the socio economic status of the members of the society.
- To sell on commission or otherwise agricultural produce of its members and other growers.
- To undertake purchase, sale and supply of agricultural products, marketing and pocessing requisites, to act as warehouse man under the Warehousing Act and own construct its own godown and storages.
- To undertake manufacture of agricultural machinery and implements by setting up manufacturing units either directly or in collaboration with or as a joint venture with any other agency, including imports and distribution of spare parts and components.
- To maintain transport units of its own or in collaboration with any other organization in India or abroad for movement of goods on land, sea, air etc. for the purpose of the society.
- To undertake distribution of diesel, patrol, CNG and other consumer items and obtain agencies from the Government for the same for the society members.
- To facilitate, co-ordinate and promote marketing and trading activities of the cooperative institutions in agricultural and other commodities for the benefit of its members.

- To organize co-operative education programmes for its members, directors and employees. The expenditure to be met from society's reserve fund.

7. The nature and amount of the authorised share capital of the society

- a) The authorized share capital of the Society shall be Rs. 10,00,000 (Ten lacs) consisting of 50,000 shares of Rs. 10/- each subscribed by individuals members & 5,000 shares of Rs. 100/- each subscribed by persons other than individuals who are eligible to become members of the Society under the provisions of the Act, Rules and these bye-laws. The shares applied and allotted shall be fully paid up.
- b) The liability of a shareholder is restricted to the amount of share held by him.

8. Restriction on holding of shares

No member of the Society other than the authorities referred to in clauses (C) to (g) of sub-section 1 of section 25 of the Act shall hold more than one-fifth of the paid-up share capital of the society.

9. Share certificate of the Society

- a) A person admitted as a member of the Society will be issued a share certificate under the signature of the President or a Director, who has been authorized for the purpose in writing by the Board and the Chief Executive of the Society. The share Certificate shall bear the date of issue, number in the share register, name of the shareholder, the number and amount of shares held, the signatures of the authorized person and the official seal of the society.
- b) A duplicate share certificate may be issued at the discretion of the Society for a lost or torn or mutilated or defaced or obliterated share certificate, provided convincing proof thereof is submitted to the Society to its satisfaction and the shareholder concerned meeting the expense incidental thereto. The duplicate share certificate will be issued on receipt of a written application along with a fee of Rs. 100/- per certificate and execution of bond of indemnity as specified by the Society.

10. Sources of funds of the Society.

The society may raise resources for fulfillment of its objectives, as under :

- a) shares,
- b) admission and other fees,
- c) grants, subsidies, assistance and concessions from internal and external sources subject to any law for the time being in force,
- d) deposits from members and other,
- e) borrowings from banks and other financial institutions, and
- f) non-convertible debentures or other instruments subject to the provisions of any law for the time being in force to raise resources for the fulfillment of its objectives to the extent of 25% of its paid up share capital.
- g) Proceeds from marketing.

11. Restriction on borrowing

The borrowings by the Society by way of deposits received and loans raised during any financial year shall not exceed ten times of the subscribed share capital and accumulated reserves minus accumulated losses.

12. Eligibility for obtaining membership of the Society.

- a) No person shall be admitted as member of the Society except the following, namely
 - i) individual, competent to contract under section 11 of the Indian Contract Act, 1872 and who ordinarily resides in the area of operation of the Society or who is having any employment or business of a permanent nature in the area of operation of the Society or who owns immovable property in the area of operation of the Society,
 - ii) any multi-state co-operative society or any co-operative society,
 - iii) the Central Government,
 - iv) a State Government,
 - v) the National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962,
 - vi) any other Corporation owned or controlled by a government,
 - vii) any government company as defined in section 617 of the Companies Act, 1956,
 - viii) such class or classes of persons or association of persons as may be permitted by the Central Registrar having regard to the nature and activities of a multi-State co-operative Society,
- b) No person shall be eligible for admission as a member of the Society if he :
 - i) has not attained the age of 18 years,

- ii) has been adjudged by a competent court to be an insolvent or an un-discharged insolvent and
 - iii) has been sentenced for an offence other than an offence of a political character, not involving moral turpitude and dishonesty and a period of five years has not elapsed from the date of expiry of the sentence.
- c) Notwithstanding anything contained in the Rules or the bye-laws of the Society, if a member becomes or has already become subject to any disqualification specified in bye-laws 12(b), he shall be deemed to have ceased to be a member of the Society from the date when the disqualification was incurred.
- d) No individual being a member of a primary level multi-state co-operative society or a multi-state urban co-operative society, shall be a member of the society without the general or special permission of the Central Registrar and where an individual has become a member of two such co-operative societies aforesaid, then either or both of the societies shall be bound to remove him from membership on written requisition from the Central registrar to that effect.

13. The procedure for obtaining membership of the Society.

- a) A person who is eligible to become a member of the Society under the provisions of paragraph 12 of these byelaws may apply in writing in the form prescribed by the Society.
- b) On receipt of the duly filled in application from the applicant for membership of the Society, the particulars furnished therein will be verified by the Society and he having fulfilled all the conditions laid down in the Act, Rules and these Byelaws and his application having being approved by the Board and he having subscribed by making full payment towards one share of Rs. 10/- in the case of an individual and Rs. 100/- in the case of a person other than individual, the person concerned may be admitted as a member of the Society.
- c) Every application for admission as a member of the Society shall be disposed of by the Society within a period of four months from the date of receipt of the application and the decision of the Society on the application shall be communicated to applicant within fifteen days from the date of such decision provided that if the application is not disposed of within the period aforesaid or the decision is not communicated within a period of fifteen days of the expiry of the aforesaid period of four months, the Society shall be deemed to have made a decision, on the date of expiry of such period, refusing admission to the applicant.
- d) A person applying for membership of the Society after the commencement of its business shall remit, a non-refundable fee of Rs. 10/- for obtaining application form for membership. The obtaining of an application form for the membership of the membership of the Society does not *ipso facto* entitles a person the membership of the Society. The admission feed is Rs. 125 per member, non-refundable.
- e) An identity card prescribed by the Society will be issued to each member at the cost of the member. The identity card shall be produced for any transaction with the Society if desired by it, and for participation in the annual general and special general meetings of the Society and for the purpose of voting for election to the Board.

14. The rights and duties of the members of the Society.

- a) A member of the Society shall be entitled to exercise his right as a member from the date of admission as a Member,
- b) to receive Notice of General Body Meetings as per the Bye-laws of the Society;
- c) to attend and take active part in the proceedings of the General Body Meeting;
- d) to take part in election and contest for any post as per provision of the Act, Rules and Bye-laws of Society.
- e) to inspect member register, books of accounts or any other record, 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. Disqualification for the member of the Society

No person shall be eligible to continue as a member of the Society if:

- i) his business is in conflict or competitive with the business of the Society, or
- ii) he fails to use for two consecutive years the services of the Society, or
- iii) he has not attended three consecutive general meetings of the Society and absence has not been condoned by member in the general meeting, or
- iv) he has made any default in payment of any amount to be paid to the Society under these bye-laws.

16. Expulsion of members

- a) The Society may, in accordance with the provisions of section 30(1) of the Act, by resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of members held for the purpose expel a member for acts which are detrimental to the proper working of the Society provided that the member concerned shall not be expelled unless he has been given a reasonable opportunity of making a representation in the matter.
- b) No member of the Society who has been expelled under the by-law number 16(a) shall be eligible for readmission as a member of the Society for a period of one year from the date of such expulsion.

17. Procedure for withdrawal of membership and share capital

No member shall withdraw his membership and share capital of the Society without the prior permission of the Board and unless he has completed three years provided that the total amount of share so withdrawn by members shall not exceed five percent of the paid up capital of the Society as on the close of the previous co-operative year and provided further that the Board at its discretion, in exceptional cases as determined by the Board, may allow a member to withdraw his share capital notwithstanding the stipulation aforesaid. The amount of all debts and dues to the Society shall be recovered from the amount of share capital allowed to be withdrawn. A fee of Rs. 100/- per share certificate shall be payable to the Society for every withdrawal of membership. This fee has been kept to restrict the withdrawals .

18. Transfer of interest on death of members

- a) On the death of a member, the Society shall transfer the share or the interest of the deceased member to the person nominated in accordance with these bye-laws made in this behalf or if there is no person nominated, to such person as may appear to the Board to be the heir or legal representative of the deceased member or pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest as ascertained in accordance with these bye-laws provided that no such transfer or payment shall be made except with the consent of the nominee, heir or legal representative, as the case may be.
- b) The Society shall, unless within six months of the death of the member prevented by an order of the competent court, pay to such nominee, heir or legal representative, as the case may be, all other moneys due to the deceased member from the Society.
- c) All transfers and payments made by the Society in accordance with provisions of these bye-laws will be valid and effectual against any demand made upon the Society by any other person.
- d) The dues to the deceased member shall not exceed to balance in the various accounts of the deceased member with the Society after adjusting his dues to the Society.

19. Liability of a past member and estate of deceased member of the Society

- a) The liability of a past member or of the estate of the deceased member of the Society for the debts to the Society as they existed
 - i) in case of a past member, on the date on which he ceases to be a member and
 - ii) in the case of deceased member on the date of his death shall continue for a period of two years from such date.
- b) Notwithstanding anything contained in bye-laws number 19(a), 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 proceeding are completed, but such liability shall extend only to the debts to the Society as they existed on the date of cessation of membership or death, as the case may be.

20. Vote of members

- a) Every member of the Society shall have one vote in the affairs of the Society.
- b) In the case of an equality of votes, the Chairperson shall have a casting vote.
- c) Where the member of the Society is not an individual, a person authorized Under the Provisions of the Act, Rules and these bye-laws shall have one vote.

21. Manner of exercising vote

Every member of the Society shall exercise vote in person and no member shall be permitted to vote proxy provided that in the case of a member other than an individual a representative authorized as provide for in section 32 read with section 38 of the Act and the Rules may exercise the vote.

22. Associate Member

- a) A person residing in the area of operation of the Society or a person having business in the area of operation of the Society, who has no interest in the management of the Society including the right to vote, elected as a Director of the Board or participate in the general meeting, but desires to avail of loan and advance sporadically from the Society against the pledge of any tangible and easily realizable security namely, gold ornament, government security or insurance policy or a person who desires to stand surety or guarantee by offering immovable property as collateral security for any loan or advance availed of from the Society by a member on submission of application in the prescribed form, may be admitted as an Associate Member of the Society. A one time non-refundable admission fee of Rs. 100/- is payable by such an Associate Member. One member of the Society shall introduce an Associate Member in the prescribed manner.
- b) An Associate Member shall have NO RIGHT for :
 - i) Share of the Society,
 - ii) Copy of audited accounts of the Society or its annual report,
 - iii) Participation in the annual general or special general meeting of the society or to vote in such a meeting or to participate in the election to member of the Board or to become a member of the Board of the Society or any interest in the management of the Society, and
 - iv) Share of any fund of the Society or its profit.

23. Constitution, powers and functions of the General Body

- a) Subject to the provisions of the Act, Rules and these bye-laws, the ultimate authority of the society shall vest in its Member.
- b) The general body of the Society shall consist of all the members of the Society.

24. Annual general meeting of the General Body

- a) The Society shall hold the annual general meeting of the General Body not later than a period of six months after the close of the co-operative year provided that for the purpose of election of members of the Board, amendment to these bye-laws, expulsion of a member and removal of a Director, the General meeting of all the General Body of members of the Society shall be held. all the general meetings shall be called at the principal place of business of the Society for the purpose of:
 - i) Consideration of the audited statement of account.
 - ii) consideration of the audit report and annual report,
 - iii) consideration of audit compliance report,
 - iv) disposal of net profits,
 - v) review of operational deficit, if any,

- vi) creation of specific reserves and other funds,
 - vii) approval of the annual budget,
 - viii) review of actual utilization of reserve and other funds,
 - ix) approval of the long-term perspective plan and the annual operational plan,
 - x) review of annual report and accounts of subsidiary institution, if any,
 - xi) list of employees who are relatives of members of the Board or of the Chief Executive,
 - xii) formulation of code of conduct for the members of the Board and officers,
 - xiii) election of members of the Board,
 - xiv) amendment of bye-laws,
 - xv) expulsion of members,
 - xvi) removal of Directors,
 - xvii) appointment of an auditor or auditors from a panel of auditors approved by Registrar or from a panel of auditors, if any, prepared by the Society for ensuing co-operative year.
- b) At every annual general meeting of the Society, the Board shall lay before the General Body a statement showing the details of loans and advances and other credit facilities, if given to Directors, their relatives and firms/concerns/companies in which they are interested during the preceding year, or outstanding against him or against such of their relatives/firms/concerns/companies. A relative is a person so defined in bye-law No.32 of the bye-laws.

25. Special general meeting of the General Body

The Chief Executive shall, at any time, on the direction of the Board call a special general meeting of the Society and shall hold such meeting within one month after the receipt of a requisition in writing from the Registrar or from not less than one fifth of the members of the Society.

26. Notice for general meeting

- a) Annual general meeting of the Society will be called only after giving not less than fourteen clear days notice in writing.
- b) Special general meeting of the Society may be called by giving not less than seven days notice in writing.
- c) The notice for an annual general meeting of the General Body or special general Meeting, as the case may be, Shall be given in the following modes, nemely :
 - a. by local delivery, or
 - b. under postal certificate, or
 - c. by publication in the Newspaper having wide circulation.

- d) The notice shall also be displayed on the Notice boards kept at registered office of The Society, its branches and its pay offices.
- e) The notice of annual general meeting shall be accompanied by a copy each of the Audited balance sheet, profit and loss account together with the auditor's report thereon relating to the preceding year and the report of the Board, amendment to the bye-laws, if any, and election of members of the Board, if any.
- f) The Chief Executive of the Society shall sign the notice of the general meeting or the special general meeting of the General Body, as the case may be.

27. General meeting of the General Body, voting and other matters

- a) The President of the Society shall be the Chairperson of the general meeting. In his absence, the Vice-President shall be the Chairperson of the meeting. In the absence of both, a Director elected by the members of the Society present at the meeting shall be Chairperson of the meeting. In the absence of the President, Vice-President and the Directors, the members present at the meeting may elect a Chairperson.
- b) The quorum for annual or special general meeting of the General Body shall be one fifth of the member or one hundred and fifth one, whichever is less.
- c) 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.
- d) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned, provided that a meeting which has been called on requisition of the members shall not be adjourned but dissolved.
- e) If at any time during the meeting, sufficient number of members are not present to form the quorum, the Chairperson or the person presiding over the meeting, on his own, or on his attention being drawn to this fact, shall adjourn the meeting. The business that remains to be transacted at the meeting, if any, shall be disposed of in the usual manner at the adjourned meeting.
- f) Where a meeting is adjourned, the adjourned meeting shall be held either on the same day or on such date, time and place as may be decided by the Chairperson or the person presiding over the meeting, within seven days from the date of adjourned meeting.
- g) No business shall be transacted at any adjourned meeting, other than the business on the agenda of the adjourned meeting.
- h) No quorum shall be necessary in respect of an adjourned general meeting.
- i) Admission to the general meetings of the Society shall be restricted to a member producing the identity card issued under the provisions of these byelaws.
- j) All decisions shall be taken by majority of members present and voted in the General Body meeting.
- k) In the case of equality of votes, the Chairperson of the meeting shall have a second or casting vote.

28. Board of Director of the Society

- a) The Board of Director of the Society shall be twenty one elected in the manner provided for in Section 41 of the Act. The Board may co-opt two Directors as provided for in sub-section (3) of section 41 of the Act. At least three of the elected Directors shall be persons with experience in Society's work and professional qualifications if possible. The other Director can be person of educational background, means and standing and reputation.
- b) The term of office of the Board shall be five years from the date of election.
- c) A Director may at any time resign his office by sending his resignation in writing to the President Such resignation shall take effect on being accepted by the Board.
- d) Any vacancy arising out of death, resignation or disqualification of an elected member of the Board during interregnum of a term of office shall be filled by the general body by selection by raising of hands.
- e) A Director shall swear oath of secrecy and faithful compliance to the provisions of the act, the Rules and the bye-laws of the Society before assuming charge and the fact recorded in the minutes book of the Society under the signature of the respective Director.
- f) There shall be a President and a Vice President elected by the Board of Directors from among themselves. The President and in his absence the Vice President shall preside over the meeting of the General Body. The terms of the office of the President and the Vice-President shall be co-terminus with the term of the elected Members of the Board unless President or the Vice-President ceases to be a Director earlier. In case of any vacancy within this period, the Board shall fill up the vacancy through re-election for the un-expired term of the Board among themselves.
- g) Powers and functions of the President: The president shall have the following powers and functions :
 - h) He shall preside over the meeting of the General Body, Board of Directors, Executive Committee and any other Committees.
 - ii) The President shall sign the proceedings of all the meetings presided over by him.
 - iii) In the event of equality of votes on a resolution, the President shall have an additional 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 President.
 - v) The President may delegate any of his powers and functions to the Vice-President.
 - vi) The President may take the decisions as of an urgent and emergent nature affecting the policy of the Society on behalf of the Board of Directors, Executive Committee or any other Committees. The matter will be placed before the next meeting of the concerned Committee for ratification.

29. Disqualification for membership of the Board

- a) No member of the Society shall be eligible for being chosen as a Member of its Board, if such a member :
 - i) is not a member of the general body of the society.
 - ii) has been adjudged by a competent court as insolvent or an un-discharged insolvent or of unsound mind,

- iii) is concerned or participates in the profits of any contract with the Society,
- iv) has been convicted for an offence involving moral turpitude and dishonesty,
- v) holds any office or place of profit under the Society,
- vi) has not been a member of the Society for not less than twelve months continuously immediately preceding the date of such election,
- vii) has failed to hold fully paid up capital of the Society of not less than Rs. 10,000/-,
- viii) has interest in any business of the kind carried on by the Society,
- ix) has received a notice of default from any other cooperative society or any other cooperative credit society or a financial institution and failed to repay the dues within a period of six months.
- x) is a proprietor or a partner or a Director of the Board of Directors of any other Cooperative Society or any other such institution,
- xi) is a person against whom any amount due under a decree, decision or order is pending recovery under the Act,
- xii) is retained or employed as legal practitioner on behalf or against the Society or against any other multi-state cooperative society,
- xiii) has been convicted for any offence under the Act,
- xiv) is a government servant or an office bearer of any political party or an elected person to any public office.
- xv) has been expelled as a member of the Society under the provisions of these bye-laws,
- xvi) absents himself from three consecutive Board meetings and such absence has not been condoned by the Board,
- xvii) absents himself from three consecutive General Body meetings and such absence has not been condoned by the members in the General Body and
- xviii) is an employee of any other cooperative society or any financial institution.

- b) A person shall not be eligible for being elected as a member of the Board for a Period of five years if the Board fails to :-
- i) conduct elections to the Board under the provisions of these bye-laws,
 - ii) call the annual general meeting under the provisions of these bye-law, and
 - iii) prepare the financial statement and present the same to the annual general meeting.

30. Election of members of Board

- a) the conduct of election to the Board of the Society shall be the responsibility of the existing Board. The Board of Directors in office shall meet at least sixty clear days in advance of the date of expiration of its term and by resolution determine the date, time and place for convening a General Body meeting for the conduct of the elections of its successor Board.
- b) The election of the members of the Board shall be held in the manner prescribed in section 45 of the Act and the Rules framed there under.

31. Removal of elected Directors by General Body

An elected Director of the Board who has acted adversely to the interest of the Society may be removed on the basis of the report of the Central Registrar or otherwise be removed from the Board upon resolution of the General Body passed by its meeting by majority not less than two third of the members present and voting at the meeting. The Director concerned shall not be removed unless he has been given a reasonable opportunity of making a representation in the matter.

32. Loan and advances by the Society to the Directors

The Society shall not grant loans and advances (both secured and unsecured) to the Directors, their relatives and firms/concerned companies in which they are interested. A person shall be deemed to be a relative of another, if they are member of Hindu undivided Family or they are husband and wife or they are related a father, mother including step mother, son including stepson, son's wife, daughter including step daughter, daughter's husband, brother including step brother, brother's wife, sister including step sister and sister's husband.

33. Powers of the Board

The Board may exercise all such powers as may be necessary or expedient for purpose of carrying out its functions under the Act, Rules and these bye-laws and without prejudice to the generality of such powers shall include power to :

- i) admit members under the provisions of these bye-laws,
- ii) interpret the organizational objectives and set up specific goals to be achieved towards these objectives,
- iii) make periodic appraisal of operations,
- iv) appoint and remove the Chief Executive, managers and such other officers of the Society,
- v) make provisions for regulations the appointment of officers and employees of the society and payment of remuneration to them and other conditions of service including disciplinary action against such officers and employees,
- vi) Place the annual, annual financial statements, annual plan and budget for the approval of the General Body,

- vii) consider audit and compliance report and place the same before the General Body
- viii) acquire or dispose of immovable property,
- ix) review membership in other co-operatives,
- x) approve annual and supplementary budget,
- xi) raise funds,
- xii) sanctions loans and advances and other credit facilities,
- xiii) take such other measures or to such other acts as may be prescribed or required under the Act, Rules or the bye-laws of the Society,
- xiv) authorize convening of the meetings of the General Body of members,
- xv) appoint trustee of trustees, attorney or attorneys, agent or agents for the business of the Society and fix remuneration payable to them,
- xvi) refer any claim or demand by or against the Society for arbitration and perform awards,
- xvii) delegate all or any of the powers, authority and discretion vested in the Board to the Chief Executive or any officer of the Society or any committee of the Board,
- xviii) Open accounts with banks and financial institutions and borrow funds for the business of the society,
- xix) take membership of institutions and bodies suitable for the business of the Society,
- xx) take such other measures or to do such other acts as may be proscribed or required under the Act or the bye-laws or as may be delegated by the General Body subject to any law for the time being in force,
- xxi) appoint trustees, administrators and other requisite personnel for managing of pensions and other funds and schemes for the benefit of the members of the Society and its employees.

34. Responsibilities of the Directors

The Directors of the Society shall at all times keep the best interests of the Society in all their dealings. They shall refrain from actions detrimental to the interests of the members. The duties entrusted to them shall be carried out in good faith and diligence, which among other things include :

- i) attending Board meetings regularly and effectively and work in the spirit of co-operation,
- ii) studying the Board papers thoroughly and offer considered views thereon,

- iii) obtaining Board papers and follow-up reports on a definite time schedule. The Chief Executive is required to furnish full facts and complete papers in advance,
- iv) involving a Director on the Board thoroughly in the matter of formulations of general policy and ensure that the performance of the Society is monitored adequately at Board level,
- v) familiarising with the board objectives of the Society and the policy laid down by the Government,
- vi) bestowing as much wisdom, guidance and knowledge as possible to the Board,
- vii) giving constructive ideas for the better management of the Society,
- viii) working as a team and do not sponsor or be prejudiced against individual proposals.
- ix) developing good management information system.

35. Refraintments for Directors

The Directors shall refrain from action detrimental to the interests of the Society such as :

- i) taking any decision individually in regard to the affairs of the Society,
- ii) sending any instruction or direction to any individual officer/employee,
- iii) involving in individual capacity in any matter relating to personnel administration
- iv) interfering in the day-to-day functioning of the Society,
- v) approaching or influencing sanction of any kind of facility from any official of the Society,
- vi) participating in the Board discussion on any proposal personally interested directly or indirectly,
- vii) revealing any information known as a Director relating to any constituent of the Society to any one,
- viii) prohibiting individual officer or employee of the Society or their representative approaching any Director individually on any matter,
- ix) indicating directorship of the Society on visiting card or letterhead along with the logo of the Society
- x) calling directly for paper/files/notes recorded or scrutiny in respect of the agenda items to be discussed in the meetings. All information/clarification required for taking a decision should be obtained through the Chief Executive,
- xi) incurring expenditure from the funds of the Society not in conformity with its expenditure rules.

36. Accountability of Directors

All action of Directors of the Society, singly or severally, in the affairs of the Society shall be in good faith and without negligence and in the course of normal business of the Society and in conformity with the provisions of the Act, Rules and these bye-laws. Any action or doing by Directors singly or severally in breach of the provisions of the Act, Rules and these Bye-laws shall be liable for prosecution as an act of misfeasance in addition to the penalties under the provisions of the Act and Rules.

37. The meeting of the Board and its committees.

- a) The Chief Executive shall convene the meetings of the Board and its committees at the instance of the President.
- b) The meetings of the Board and its committees except the Executive Committee shall be convened with seven clear days notice.
- c) The Board shall meet at least once in three months and the venue of the meeting shall be either the registered office of the Society or a place where a branch of the Society is doing business.
- d) The Executive Committee shall meet at least once a week on every Wednesday at 10.00 hours at the Registered Office of the Society. In case the meeting of the Committee is not conducted on account of public holiday or any other reason, such a meeting shall be conducted on the next working day at the same time.
- e) The other committees of the Board may meet as and when required but not more than twelve times during a co-operative year. Such a meeting shall be conducted at the registered office of the society.
- f) The notice of the meeting of the Board and its committees shall state the full address of the venue of the meeting, the date and time of the meeting. A notice for a meeting of the Board or its committees shall be issued seven clear days prior to the date of such meeting. No notice will be issued for the meeting of the Executive Committee.
- g) The President shall be the Chairperson of the meetings of the Board. In the absence of the President, the Vice-President shall be the Chairperson of the meeting. In case, both the President and the Vice-President are absent, the members of the Board shall elect from the Directors present at the meeting a Chairperson for the meeting.
- h) The quorum for a meeting of the Board and the committees of the Board shall be eleven and three respectively. The Chief Executive shall attend the meetings of the Board and its committees, except Audit Committee but without voting right.

38. Minutes of the proceedings of general meeting and of Board and other meetings

- a) The Society shall cause the minutes of all proceedings of every general meeting of the General Body and of all proceedings of every meeting of its Board or of every committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in books kept for the purpose with their pages consecutively numbered.

- b) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
- c) In the case of a meeting of the Board or of a committee of the Board, the minutes shall also contain the names of the members of the Board present at the meeting and in the case of each resolution passed at the meeting, the names of the members of the Board, if any, dissenting from or not concurring in the resolution.
- d) The Chairperson shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on specified grounds.

39. Chief Executive of the Society

- a) There shall be a Chief Executive, by whatever designation called, for the Society to be appointed by the Board and he will be a full time employee of the Society.
- b) The Chief Executive shall, under the general superintendence, direction and control of the Board, exercise the powers and discharge the function specified below, namely :
 - i) acceptance of application for membership and submitting them to the Board after verification and with recommendation,
 - ii) admission of Associate Members,
 - iii) day to day management of the business of the Society,
 - iv) operating the accounts of the Society and be responsible for making arrangement for safe custody of cash,
 - v) arranging proper accounting and maintenance of all valuables and properties of the Society,
 - vi) Signing documents for and on behalf of the Society,
 - vii) 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 the Act, Rules and these bye-laws,
 - viii) Convening meetings of the General Body of the Society, the Board the Executive Committee and other committees constituted under the provisions of these bye-laws and maintaining proper records for such meetings.
 - ix) making appointments to the posts in the Society under the power delegated by the Board and taking disciplinary action against such employees including their removal from service subject to reporting to the Board,
 - x) assisting the Board in the formulation of policies, objectives and planning,
 - xi) furnishing to the Board periodical information necessary for appraising the operation and functioning of the Society.

- xii) appoint the person to sue or be sued on behalf of the Society,
- xiii) present the draft annual report and financial statement for the approval of the Board within thirty days of closure of the financial year,
- xiv) endorsing and transferring of promissory notes, government and other securities, signing and negotiating of cheques and other negotiable instruments on behalf of the Society and operating the account of the Society with banks and other financial institutions,
- xv) instituting and conducting, defending, compounding or abandoning any legal proceedings on behalf of the Society or its officers or otherwise concerning the affairs of the Society and also compounding the time allowed for payment in satisfaction of any claim or demand by or against the Society subject to the regulations framed by the Board and submitting report thereof to the Board,
- xvi) entering into negotiations and contracts and rescinding and varying such contracts and executing and doing all such acts and deeds in the name and on behalf of the Society in relation to any of the matters aforesaid or otherwise for their purpose of the Society subject to the regulations framed by the Board and submitting report thereof to the Board,
- xvii) delegating all or any of the powers, authority or discretion vested in him to any manager or officer of the Society subject to the prior approval of the Board,
- xviii) arranging periodic inspection and audit of the books of the Society and its transaction, and
- xix) performing such other duties and exercising such other powers as may be specified in these bye-laws

40. The purpose for which the funds of the Society may be utilized

The funds of the Society will be utilized to achieve the objectives of the Society.

41. Restriction on contribution

The Society shall not make a contribution whether directly to an institution which has an object of furtherance of the interest of a political party.

42. Disposal of the profits of the Society

- a) The Society shall, out of its net profits in any year:

1. transfer an amount not less than twenty five percent to the reserve fund,
2. credit one percent to Co-operative Education Fund maintained by the National Co-operative Union of India Limited, New Delhi in the manner as may be prescribed by the Registrar, and
3. transfer an amount not less than ten percent to a reserve fund for meeting unforeseen losses:

- b) The balance of the net profit may be utilized for all or any of the following purposes, namely :
- i) payment of dividend to the members on their paid up share capital at a rate not exceeding twenty percent in any one accounting year.
 - ii) transfer of an amount of not more than 10 percent to building fund or any other fund as per requirement of the Society, recommended by the Board and approved by the General Body,
 - iii) Contribution to such special funds as may be recommended by the Board and approved by the General Body,
 - iv) donations of amounts not exceeding five percent of the net profits for any purpose connected with the development of co-operative movement or charitable purpose as defined in section 3 of the Charitable Endowments Act, 1890, or for the maintenance of pension or welfare scheme for members and employees of the Society,
 - v) payment of *ex gratia* amount to employees of the Society to the extent and in the manner decided by the Board, and
 - vi) balance of the net profit, if any may be transferred to Reserve Fund fund.

43. Reserve fund of the Society

The reserve fund of the Society shall belong to it and it is meant for meeting unforeseen losses and it is not divisible. It shall be invested in trustee securities or kept with public sector bank as term deposit.

44. Payment of dividend.

- a) The dividend declared by the Society shall be paid to the shareholders whose names have been registered in the book of the Society as on the last day of the accounting year.
- b) Payment of Dividend to the Members on their paid up share capital at the rate not exceeding 15%
- c) The dividend outstanding payment for more than three years shall be transferred to the reserve fund of the Society.

45. Audit and inspection of the accounts of the Society

- 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 of the Societies, as the case may be, as per the provisions of Section 70 of the Act.
- b) The appointment of the Auditor and his remuneration shall be approved in the General Body meeting of the Society. The qualification/disqualifications, powers, rights and duties of the Auditor shall be prescribed under the Act.

- c) The books of accounts and business transaction of the Society at its Head Office and branches shall be inspected at least once in a year by an inspector appointed by the Society. The inspector shall ensure that the business of the Society is carried out in conformity with the provision of the bye-laws and laid down policies, systems and norms of the Society and he shall be accountable for the acts of omission and commission in the transactions of the Society. The inspection report shall be submitted to the Audit Committee directly.
- d) The Audit Committee shall place its report at the Board meetings.

46. Settlement of disputes

In terms of the provisions of section 84 of the Act :-

- a) notwithstanding anything contained in other law for the time being in force, if any dispute touching the constitution, management or business of the Society arises ;
 - i) among member, past members and persons claiming through members, past members and deceased members, or
 - ii) between a member, past member and person claiming through a member, past member or deceased member and the Society, its Board or any officer, agent or employee of the Society or liquidator, past or present, or
 - iii) between the Society or its Board and any past Board, any officer, agent or employee, or any past officer, past agent employee heirs or legal representatives of any deceased officer, deceased agent or deceased employee of the Society, or
 - iv) between the Society and any other multi-state co-operative society, between the Society and liquidator of another multi-state co-operative society such dispute shall be referred to arbitration.
- b) for the purpose of the aforesaid provision, the following shall be deemed to be disputes touching the constitution, management or business of the Society, namely :
 - 1. a claim by the Society for any debt or demand due to it from a member or the nominee, heirs or legal representatives of a deceased member, whether such debt or demand be admitted or not,
 - 2. a claim by a surety against the principal debtor where the Society has recovered from the surety any amount in respect of any debt or demand due to it from the principal debtor as a result of the default of the principal debtor, whether such debt or demand is admitted or not,
 - 3. any dispute arising in connection with the election of any officer of the Society.
- c) If any question arises whether a dispute referred in arbitration under the aforesaid provision is or is not a dispute touching the constitution, management or business of the Society, the decision thereon by the arbitrator shall be final and shall not be called in question in any court.
- d) Where a dispute has been referred to arbitration as aforesaid, the same shall be settled or decided by the arbitrator to be appointed by the Registrar.

- e) Save as otherwise provided under the Act, the provisions of the Arbitration and Conciliation Act, 1996 shall apply to all arbitration under this Act as if the proceedings for arbitration were referred for settlement or decision under provisions of the Arbitration and Conciliation Act, 1996.

47. Winding up of the Society

If the Registrar, after an audit or a special audit or an enquiry or an inspection or on his own motion is of the opinion that the Society ought to wound up, after giving the Society an opportunity for making its representation by order wind up the Society.

48. Payment of honorarium, halting allowance, daily allowance and reimbursement of expenditure.

- a) The honorarium, sitting fee, halting allowance daily allowance and other sums payable to the Directors shall be as per the expenditure rules framed by the Board and placed before the General Body at its meetings.
- b) Any travel by the Directors shall be only for the purpose of the Business of the Society. Any travel outside the states of operation of the Society and New Delhi shall be reported to the General Body. Any other travel or tour shall be only on a resolution passed by the General Body.
- c) The Directors shall ensure strict economy in expenditure on facilities availed of by them from the Society.

49. Validity of the acts of the General Body and Board

No act of the General Body or the Board shall be deemed invalid by reason of any defect in its constitution.

50. Amendments to the Bye-laws of the Society

- a) No amendment of bye-laws of the society shall be valid unless such amendment has been registered under the Act
- b) The amendment to the bye-laws of the Society shall be made by a resolution passed by a two third majority of members present and voting at the general meeting of the General Body. No such resolution shall be valid unless fifteen clear days notice of the proposed amendment has been given to the members.
- c) Any amendment in the bye-laws of the Society shall be carried out only in the manner prescribed in Section 11 of the Act.

51. Validity of the by-laws of the Society

The bye-laws of the Society shall not be construed to supersede the provisions of the Act and Rules of the Multi State Co-operative Societies Act or any other law of India in respect of matters specifically provided for in the Act and Rules of the Multi State Co-operative Societies Act the provisions thereof shall prevail over the provisions of these bye-laws.

52. Committee of Board

The Board of Directors shall constitute an executive committee and other committees or sub committees. As may be considered necessary, provided that other committees or sub committees other than the executive committee shall not exceed three at the given point of time.

53. Penalties

The society, its directors, its officers, or its members who willfully commit any offence narrated in section 104 of the act shall be liable for the punishment in the form of fine or imprisonment, as that may be, as prescribed in the act and rules.

54. Certificate of copies of entries in the books of societies

The charge to be levied for the supply of certified copies of the books of the society shall be Rs. 100/- per folio.

55. Contributory Provident Fund

the society shall establish a contributory provident fund when it has in its service ten or more regular employees and the board shall prescribe necessary rules thereof as prescribed in Rule 26 of the Rules.

56. Education Course for the Members

The society shall organize co-operative educational programs for its members, Directors and its employees and sufficient funds in this regard shall be earmarked as per the requirement.

57. Service Rules

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

58. Common Seal of the Society

The Society shall have a common seal, which shall be in the custody of the Chief Executive. It shall be affixed only as decided by the Board and in the presence of a Director and the Chief Executive.

59. General

1. All matters not specially provided for in these bye-laws are to be decided in accordance with the provisions of the Multi State Cooperative Societies Act, 2002 and Rules thereof.
2. In case of any disputes about the meaning or interpretation of any provisions of these bye-laws, the provisions of the Multi State Cooperative Societies Act, 2002 and rules framed there-under shall prevail.