

Article 1

NAME AND OFFICE

Section 1 NAME

The name of the organization is called _____
_____ Cooperative (hereinafter called Credit Union)

Section 2 ADDRESS

The office of the Credit Union will be located at the following
address : _____

Section 3 AREA OF OPERATION

The area of operation of the Credit Union would consist of the
following geographical areas/ Common Bond :

Article 2

OBJECTIVES

The Credit Union has been established with a view to helping its
members to improve their economic conditions by motivating them
to save regularly out of their income and also to lend loans to the
needy members at a reasonable rate of interest.

The objectives of the Credit Union shall be to fulfill the following
matters taking into consideration the economic welfare and
progress of its members.

- a) To promote the habit of savings among its members
- b) To receive deposits from members on a regular basis and to offer competitive rates of interest for the deposits of its members
- c) To provide loans to members for productive and provide initial purposes at a reasonable rates of interest
- d) To motivate the members to build self help and mutual help to be self-reliance and self sufficiency
- e) To provide information and necessary help for its members to improve their earning capacity
- f) To undertake any other activity that can ultimately enhance the economic conditions of its members
- g) To become a member of the Regional Association of Credit Unions to get into the fold of State, National and International Organizations that are devoted to promote and develop the economic conditions of the common people
- h) To accept donations and grants from the donor agencies without any strings attached to them.
- I) To cooperate with State Cooperative Department and other institutions, in all possible ways, for the fulfillment of its objectives
- j) To carry on the day-to-day affairs of the Credit Union as per the provisions of this bylaw, including the right to own properties, to purchase, sell exchange, transfer, donate, pledge, mortgage or dispose of moveable and immovable properties in the best interest of the growth and prosperity of its members.

Article 3

MEMBERSHIP

Section 4

There are two types of membership, viz Member and Associate

a) Member : The following are the qualifications of a member

- (i) A person who has attained the age of maturity (over age 18 years old)
- (ii) Shall reside within the area of operation of the Credit Union and capable of utilizing its services or Associate with the same operational areas
- (iii) Shall abide by the rules and regulations of the Credit Union

b) Associate :

- (I) A minor can be an associate with a view to encourage the virtue of thrift and savings among the younger generation
- (ii) An institution or an organization, interested and involved in the promotion and development of Credit Union Movement for the upliftment of the people of limited means.

Section 5 APPLICATION FOR MEMBERSHIP

The following are the procedures to be adopted for admission of new members :

- a) A person who is desirous of becoming a member should submit an application in the prescribed form duly recommended by a member of the Credit Union

- b) In case of acceptance of the application, the applicant shall pay the share capital and admission fee. The admission fee is _____ (currency) which is non refundable
- c) On becoming a member, the applicant should start depositing the amount as mentioned in the application according to one's capacity
- d) The newly admitted member shall also pay the annual membership fee

Section 6 TERMINATION OF MEMBERSHIP

A person ceases to be a member of the Saving Group under following conditions :

- a) Death
- b) On becoming insane or unsound mind, as certified by a competent authority
- c) Being sentenced to imprisonment for criminal offenses of a substantial nature
- d) Resignation, as approved by the Board of Directors
- e) Expulsion from membership as per the provisions of the Bylaws of the Credit Union

Section 7 EXPULSION FROM MEMBERSHIP

A member may be expelled from membership by the decision of the Board under the following conditions :

- a) Behaving in a way detrimental to the operation and progress of the Saving Group



- b) Intentionally breaking the rules and regulations or resolutions of the Board of Directors which would seriously damage the image and prestige of the Saving Group

Section 8 REGISTER OF MEMBERS

The Board of Directors shall maintain a Register of Members and the following particulars shall be maintained therein :

- a) Name, address, occupation and the number of shares held by the member
- b) The date of admission as a member and the date of termination
- c) Name of the member who recommend the applicant
- d) Name, address and occupation of the nominee

Section 9 RIGHT AND LIABILITIES OF A MEMBER

a) Right of a Member :

- (I) To participate in the managerial affairs of the credit union by contesting election to the Board of Directors
- (ii) To exercise voting rights in the election to the Board of Directors, on the basis of one man one vote, irrespective of the number of shares held by the member
- (iii) To borrow loans from the Credit Union

b) Right of Members and Associates :

- (I) To enjoy the right to deposit money into the Credit Union and get interest for the money deposited
- (ii) To attend education classes organized by the Education Committee



c) Liabilities of the Members

- (I) Only the members are liable to the debts of the Credit Union to the extent of their share capital
- (ii) It is the responsibility of all the members to abide by the rules and regulations of the Credit Union

Article 4

CAPITAL

The capital of the Credit Union consists of the following items :

Section 10 SHARE/SAVINGS

- a) A member is entitled to hold any number of shares/savings subject to a maximum of one-fifths of the total shares of the Credit Union. The value of one share is _____ (currency) only
- b) At the time of application for membership, the applicant should indicate in the application form an amount he/she is willing to save at periodical intervals, depending upon the capacity to pay.
- c) A pass book will be issued to the members
- d) Introduction of any financial services to members e.g. Deaths Relief Assurance

Section 11 ANNUAL MEMBERSHIP FEE

- a) A member shall pay the annual membership fee of _____ (currency) at the time of admission



- b) This fee is non-refundable, payable by the member every year within two months after the commencement of the financial year.

Section 12 DEPOSITS / SAVINGS

- a) The members at their own convenience may pay any amount as time or fixed deposits, for a period exceeding three months
- b) Fixed deposits shall be registered in the pass book
- c) The amount paid by way of deposits carry a certain percentage of interest, depending upon the type of deposits and the duration. The rate of interest shall be fixed by the Board of Directors from time to time.

Article 5

GENERAL BODY

Only the members of the Credit Union constitute the General Body

Section 13 THE FIRST GENERAL BODY MEETING

The group of first applicants shall hold the first general meeting of the Credit Union. The Board of Directors shall be elected from among them.

Section 14 CONVENING A MEETING

The members shall be notified at least 15 days in advance of the meeting, indicating therein clearly the place, time, date of the meeting and also the agenda.



Section 15 QUORUM FOR THE MEETING

The quorum for the general meeting shall be 50% of the total of the members or 100 members whichever is lower. In case it falls below its requirements, the meeting has to be postponed and again shall be called within 14 days. At this time, the presence of the members of not less than one-tenths of the members or just 10 members, whichever is lower, shall be deemed to constitute the quorum.

Section 16 THE POWERS AND DUTIES OF THE GENERAL MEETING

- a) To elect the Board of Directors
- b) To consider and approve the financial statements
- c) To approve the budget of the ensuing year
- d) To ratify the action taken by the Board of Directors regarding the expulsion of a member
- d) Any other matter with the approval of the chair

Section 17 SPECIAL GENERAL MEETING

- a) The chairman, on his own motion, or on the basis of the written requisition of not less than one-fourths of the total members, may convene a special general meeting
- b) The quorum for such meeting shall be fifty percent of the total members, if it is convened at the instance of the members'

written requisition. The meeting has to be canceled if the required quorum is not attained. In respect of the meeting convened by the chairman, the quorum shall be the same as that of for the ordinary annual general meeting.



Article 6

BOARD OF DIRECTORS

Section 18 OFFICE BEARERS

The Board shall consist of not less than 7 members and not more than 15 members

The Board of Directors shall elect among themselves a chairman, a vice chairman, a treasurer, and a secretary, and others to be members of the Board.

Section 19 TERM OF OFFICE

One-thirds of the Board will retire at the annual general meeting. However, they are eligible for re-election

Section 20 VOW OF BOARD MEMBERS

The elected members of the Board shall take a vow to the general body as follows :

“ I (name of the vower) hereby promise the general body to perform my duties as a member of the Board by regularly participating in all the meetings, to the extent possible, and take decisions impartially with honesty and sincerity, for the growth and prosperity of the members of the Credit Union “.

Section 21 RE-ELECTION

The whole or individual member of the Board whose term expires may be re-elected, but not more than two consecutive terms.

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Section 22 TERMINATION OF OFFICE

The members of the Board shall cease to be in power under the following circumstances :

- a) Expire of the term
- b) Death
- c) Resignation
- d) Loss of membership as per Section 7 of the Bylaws
- e) When a Board member becomes an employee of the Credit Union

Section 23 POWERS OF THE BOARD OF DIRECTORS

The Board has the following powers to exercise in the interest of serving the members of the Credit Union

- a) To admit new members
- b) To formulate policies regarding borrowing loans from external agencies
- c) To fix the rate of interest for saving and deposits accepted from members

- d) To certify the financial statements
- e) To appoint and expel the different functional committees
- f) To employ a manager to administer the affairs of the Credit Union

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- g) To deal with all legal matters concerning the operation of the Credit Union
- h) To appoint a representative to attend the general meeting of the Regional Association of Credit Unions and vote in such meetings
- I) To propose the plan and annual budget of the credit union for approval of the general meeting
- j) Any other powers conferred by the general body

Section 24 CREDIT COMMITTEE

The Board of Directors of the Credit Union shall elect among themselves at least 3 but not more than 5 to be members of Credit Committee.

Section 25 MEETING

The Credit Committee shall meet as frequently as demand necessary. The chairman or the secretary has the power to call for the meeting.

Section 26 POWERS AND DUTIES OF THE CREDIT COMMITTEE

- a) To sanction loans to members as per the rules and regulations framed by the Board of Directors
- b) To scrutinize the loan applications for sanctioning the loans

- c) To inspect the securities offered by the loonies
- d) To keep a close watch over the repayments of the loans
- e) To undertake an investigation to prepare a case of postponement or default in repayment and submit the same to the Board of Directors for taking appropriate actions



Section 27 EDUCATION COMMITTEE

The Board of Directors shall appoint at least three but not more than five members to be the Education Committee with the position of a chairman, a secretary and others the committee members.

Section 28 MEETING

The Education Committee shall meet as frequently as possible. the chairman or secretary shall have the power to call for the meeting.

Section 29 POWER AND DUTIES OF THE EDUCATION COMMITTEE

- a) To organize member-education classes with a view to enlightening the members regarding the principles and philosophy of Credit Union
- b) To inform the members and non-members regarding the advantages of being a member in the Credit Union
- c) To endeavor to get more new members for the Credit Union
- d) To report the progress of its activities to the Board of Directors in the next meeting.

Section 30 SUPERVISORY COMMITTEE

The Supervisory Committee shall be elected by the annual general meeting from among its members, a number not less than three but not more than five, with a chairman, a secretary and others committee members. The members of the Board shall not be elected to the Supervisory Committee. the members of this Committee are expected to possess a fair knowledge of the operations of the credit unions, so as to enable them to have effective supervision over the activities of the Credit Union.



Section 31 TERM OF OFFICE

The term of office of the Supervisory Committee shall be for a period on one year. After the expire of one year period, if the new committee is not elected, the old committee shall continue to function, until the new committee is elected.

Section 32 MEETING

The Supervisory Committee shall meet at least quarterly. The chairman and the secretary are empowered to call the meeting.

Section 33 POWERS AND DUTIES OF THE SUPERVISORY COMMITTEE

- a) To verify all the documents relating to the accounts and administrative matters.
- b) To undertake a thorough investigation of the activities of all the functional committees to what extent they are carried out in accordance with the Bylaws, rules and regulations framed for various purposes.
- c) To elicit any information or cooperation from anybody for the purpose of discharging the duties as the Supervisory Committee, to take an objective views of the matters concerning the activities of the Credit Union.

- d) To call for a special general meeting, in respect of a situation where the affairs of the Credit Union had been conducted to the detriment of the interest of the members, and proper cooperation was also not rendered by the concerned parties to the supervisory committee to investigate the matter thoroughly,
and correctional measures are needed immediately. In this case, the unanimity of votes of the supervisory committee is essentially required.

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Article 8

MANAGERIAL STAFF

Section 34

The Board of Directors is empowered to formulate the policies concerning the qualifications, selection, appointment, fixation of salaries and other benefits to the managerial staff of the Credit Union.

In case a manager is not employed, due to one reason or the other, the secretary or the treasurer of the Board shall function as the manager as per the direction and guidelines given by the Board, till such time a person is employed as the manager of the credit union.

Article 9

OTHER PROVISIONS

Section 35 ACCOUNTING

- a) The fiscal year of the Credit Union shall be in accordance with the calendar year
- b) The Board of Directors shall verify the financial statements and

submit the same to the general meeting within 60 days after the completion of the fiscal year.

Section 36 ALLOCATION OF NET SURPLUS

- a) Twenty per cent of the net surplus shall be set aside as statutory reserve
- b) Not more than 10% of the net surplus shall be kept for education fund, which shall be used for conducting educational program for the members

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- c) The net surplus after deduction of reserves shall be paid to share/saving holders as dividend.

Section 37 AUDITING

The accounts of the Credit Union shall be yearly audited by the competent auditors.

Article 10

AMENDMENT AND DISSOLUTION

Section 38 AMENDMENT

The Credit Union may amend its bylaws by a resolution passed in the general meeting with the two-thirds of votes of the members present in the meeting.

Section 39 DISSOLUTION

The Credit Union may be dissolved by a resolution passed by the two-thirds votes of its total members. In the event of its dissolution of the Credit Union, the properties of the Saving Group shall be donated to other Credit Unions or to the Regional Association of Credit Unions.

