

BYE-LAWS

**Markfed,
PUNJAB**

Bye - Laws
of

The Punjab State Co-operative Supply & Marketing Federation Ltd.

(Approved & Registered vide No. RK /A R Ropar/Camp Chandigarh/ 2013 A. Dated 7.6.1995 with the Astdt. Registrar, Co-operative Societies. Ropar under section 10A (1) and (2) of the Punjab Co-operative societies act 1961.

Name, Address and area of operation

1. The society shall be called "THE PUNJAB STATE COOPERATIVE SUPPLY AND MARKETING FEDERATION LTD. It shall be referred to herein after as the "FEDERATION ."

2. The registered office of the federation shall be at Ropar with head - quarters at Chandigarh. Any change in the head quarters may be made by the Board of Directors of the Federation with the prior approval of the Registrar, Cooperative Societies, Punjab.

3. The area of operation of the Federation shall be whole of Punjab State. However, the business activities may be carried out with in the territory of whole of India and also outside India in accordance with the objects of the Federation.

Definitions:

4. In these Bye-laws unless the context otherwise requires :

(a) The 'Act ' means the Punjab Cooperative Societies Act, 1961.

(b) 'Board' means the Board of Director's of the federation constituted as per provisions of these Bye-laws.

(c) 'federation ' means the Punjab State Cooperative Supply and Marketing Federation Limited.

(d) 'Government" means the Government of Punjab.

(e) 'Managing Director' means the Managing Director of the Punjab State Cooperative Supply and Marketing Federation Limited.

(f) ' Registrar' means the Registrar, Cooperative Societies, Punjab appointed by the State Government under the provisions of Punjab Cooperative Societies Act, 1961.

(g) 'Service Rules ' means the service rules governing the common cadre employees of the Federation which includes service conditions, rules, Punishment and Appeal Rules, Conduct Rules, T.A. Rules, etc. framed and amended from time to time, and any other rules/ standing orders made applicable to any category or categories of employees.

(h) 'Rules' means the Punjab Cooperative Societies, Punjab Cooperative Societies Rules, 1963 framed under the Punjab Co-operatives Act 1961.

(I) The words and expressions defined in the Act and Rules and used in these Bye-laws shall, unless the subject and context otherwise require, have meaning assigned to them in the Act and Rules.

5. Objects

The objects of the Federation shall be as under :

(i) to make arrangements for procuring, marketing/trading, processing/manufacturing of agricultural products as well as by-products of its affiliated members and their members to their best advantage within the country and outside the country.

(ii) to find out and adopt latest technology and supply of goods on Co-operative basis and to act as agent to its constituents and other persons and institutions approved by the Registrar, Cooperative Societies, Punjab.

(iii) to raise funds for its own business.

(iv) to provide financial assistance to its members in the shape of advances, loans and grants.

- (v) to make arrangements for procurement in bulk the requirements of its members in respect of both producers and consumers goods.
- (vi) to make arrangements for distribution of agricultural inputs in retail to members and non members.
- (vii) to undertake processing, manufacturing, grading and packing activities and establish industrial units.
- (viii) to arrange for construction of buildings necessary for business of the Federation and its members and also to take up the construction work of other government/institutional agencies.
- (ix) to guide assist and supervise the working of its member societies.
- (x) to carry out publicity and propaganda in respect of Cooperative marketing and supply by publication of suitable literature, arrangements of demonstration by organising marketing, processing and supply societies conferences, participation in exhibitions and otherwise.
- (xi) to collect commercial information particularly relating to conditions in principal markets, general trends of the prices and circulate those amongst its members.
- (xii) to run warehouses.
- (xiii) to undertake interstate trade, import and export of agricultural produce, farm equipments and consumer goods.
- (xiv) to enter into collaboration with the Co-operative and others in India or in Foreign Countries in fulfillment of any of its objects, subject to the approval of the Government under Section 77 of the act wherever required.
- (xv) to act as an insurance agent and to guide and assist its member societies and other etc. regarding all insurance matters.
- (xvi) to guarantee the loans advanced or credit granted to any member society of the Federation by the Government, State Bank of India or any other agency within such limits and such terms as may be fixed and charge commission thereon.
- (xvii) to do all things that may be incidental or conducive to the attainment of any or all the aforesaid objects or for the advancement of the Co-operative movement in general.

6. Membership and Shares :

The membership of the federation shall be open to the following:

- (I) Supply Co-operative Societies.
- (ii) Co-operative societies engaged in distribution of agricultural products.
(I agricultural products.
- (iii) Co-operative Societies engaged in marketing and processing of agricultural and allied products.
- (iv) Government.

7. Application for membership of the Federation shall be addressed to the Managing Director in writing in the form prescribed for the purpose together with the admission fee of Rs.10/- and with a sum of Rs.5000/- for each share applied for. The applications so received shall be disposed off by the Board of Directors within a period of one month from the date of receipt of application in the federation. The Co-operative societies if admitted, shall be allotted Share/shares applied for such small number as the Board of Directors may deem fit. If the application is rejected, the decision refusing admission along with the reasons shall be communicated by the Federation to the applicant within 30 days from the date of decision and the amount tendered with the application shall also be refunded. With the approval of Registrar, the Board of Directors may, at any time, call upon the members to contribute to the share capital of the Federation by taking one or more number of shares.

8. A member of the Federation may be expelled by the General Body by a majority of two third of those present in the meeting at which not less than on half of the total number of members are present, for one or more of the following reasons.

(a) If the member persistently defaults in the payment of share money or other amounts due to the Federation.

(b) If the member willfully supplies materially false information to the federation.

(c) If the member fails to observe the provisions of the Act, and/or rules framed there under or of bye-laws without any reasonable cause.

(d) If the conduct of the member is contrary to the objects of the Federation or is prejudicial to the interests, reputation or stability of the Federation.

9. A member may be expelled by the General Body through a resolution after giving an opportunity of representing the case to the General Body. The member so expelled by the General Body shall not be eligible for re-admission as a member of the Federation for the period of one year from the date of such expulsion. The shares held by such expelled member may be transferred under the Bye-laws after three months from the date of expulsion/cessation of the member by the Board and proceeds thereof after deducting all dues, be forwarded to the said member within one month after transfer.

10. Membership of the Federation shall be terminated by;

(a) Cancellation of registration of an affiliated Society; or

(b) Ceasing to hold at least one share, or

(c) Expulsion as provided in Bye-law.8

11. The authorised share capital of the Federation shall be Rs.500 crores. Every member shall take at least one share whose value shall be payable in lump sum.

12. No member of the Federation shall be allowed to with draw the share or refund of his share but where the Federation has created a share transfer fund out of its earned profits, the Board of Directors may keeping in view the over -all interest cases of those member Societies, who are indebted to the Federation. However, such withdrawal of the share at any time shall not exceed 5% of the aggregate paid up share capital of the Federation, excluding the Government contributions, as it stood on the 31st March of the preceding year.

Liability

13. The Liability of a member for deficit in the assets of the Federation in the event of its being wound up shall be limited to the share capital subscribed by the member.

Fund:

14. The Federation may raise funds by:

(a) Issuing of shares of the value of Rs.5000/- each;

(b) Raising of loans from the Government, Scheduled Banks and other Financial Institutions;

(c) Acceptance of deposits by way of debentures, fixed deposits and advances and others from members and non members;

(d) Acceptance of grant or subsidy or financial assistance from the Government or other institutions or individuals;

Maximum borrowing Limit

15. The maximum borrowing limit of the Federation shall not, at any time exceed 15 times its own capital. Any sum to be borrowed against stock in trade shall not be subject to the said limit.

Management :

16. The Management of the affairs of the Federation shall vest in a Board of Directors which shall be constituted as under :

(a) Three nominees of the Government;

(b) A nominees of the Government ;

(c) Twelve representatives of member societies to be elected on zonal basis by dividing the area of operation of the Federation in to 12 zones as under :

(i) Nine representatives from primary societies .

(ii) Three representatives from Marketing/Distt. whole sale societies and other central societies.

(d) Managing Director.

(e) Registrar co-opsocieties Pb. or his nominee.

17. The chairman and vice chairman of the Board shall be elected from amongst elected members of the Board.

Ceasation of membership of the Board :

18. Any elected member of the Board shall cease to hold office as such, if he :-

(a) becomes/declared insolvent ;

(b) is convicted of an offense involving dishonesty of moral turpitude;

(c) becomes a paid employee of any Co-operative Society, Local Body/Institution constituted under the Central/State Act and of Government.

(d) continues to be in default in respect of any sum due from him to any Co-operative Society for such period as may be laid down in the rules/instructions;

(e) becomes subject to any disqualification which would have prevented him from seeking election had he incurred that disqualification before election;

(f) ceases to be a member of the Managing Committee of the Co-operative Society which he represents ;

(g) absents himself from three consecutive meetings of the Board of Directors without sufficient reasons ; (h) is interested or becomes interested directly or indirectly in any contract made with the Federation or in any sale/purchase made by the Federation privately or in auction or in any contract or transaction with the Federation (other than investment or borrowing) involving financial interest ;

(i) resigns his office.

Disqualification from membership of the Board :

19. No person shall be eligible for election as a member of the Board of the Federation if :-

(a) he is in default to any Co-operative Society in respect of any sum due from him to the Co-operative Society or owes to any Co-operative Society or owes to any Co-operative Society an amount exceeding his maximum credit limit;

(b) he is directly or indirectly interested in any contract to which the Federation is a party except in transactions made with the Federation as a member in accordance with the objects of the Co-operative Society as stated in the Bye-laws;

(c) he has at any time during the period of one year prior to the date of scrutiny of nomination papers engaged in any private business, trade or profession of any description which is carried on by the Federation,

(d) he has committed any offense involving dishonesty or moral turpitude during the period of five years prior to the date of scrutiny of nomination paper;

(e) he is during the period of 12 months preceding the date of filing of nomination papers, remained inactive as member or has been carrying on through agencies other than the Co-operative Society of which he is a member, the same business as is being carried out by the Federation.

(f) he is a member of any Co-operative Society which has ceased to function or which has not fulfilled its objects as stated in its Bye-laws and has been included in the list of 'D' class Society maintained by the Registrar or is a member of a Co-operative Society which is under winding up process;

(g) he has incurred any other disqualification laid down in the Act and the Rules.

Term of the Board :

20. The term of the office of the elected Board shall be five years from the date of its election. The term of elected office bearers shall be co-terminus with the term of Board provided that the elected office bearers can be removed by vote of no confidence through a resolution passed by 2/3rd majority of the total elected members of the Board. New office bearers shall be elected for the remaining term of the Board. The nominated members shall have no right to vote in the election or the removal of the office bearers. No person shall be eligible for being elected to the Board after he has served on the Board of the Federation for two continuous terms, unless a period not less than one term has expired since he last so served. An interim vacancy caused in the Board shall be filled by election in the concerned zone for the remaining term of the Board.

Meeting of the Board :

21. (a) The Board of Directors shall meet at least once in three months. A 15 days clear notice of the meeting shall be given to the Directors before the meeting is held. One-third of the total members shall form the quorum for meeting of the Board. The Chairman or in his absence the Vice-Chairman and if both are absent, a member elected by those present in the meeting shall preside over the meeting of the Board. Each member shall have one vote. All questions shall be decided by a majority of votes. In case of equality of votes, the Chairman of the meeting shall have a casting vote.

(b) Any three or one third of the total members of the Board whichever is less may in writing request the Chairman of the Board to summon a special meeting of the Board and may propose items which shall be considered in such meetings. On receipt of such a request the Chairman shall convene a meeting of the Board. If within seven days of receipt of this requisition, the Chairman fails to summon the meeting, the Registrar on the application on the signatories of the requisition may summon a meeting of the Board after giving due notice to all the members as per rules.

22. A meeting of the Board shall be convened by the Chairman or the Managing Director of the Federation.

Powers and Duties of the Board of Directors :

23. The powers and duties of the Board of Directors shall be :-

(a) to elect the Chairman and the Vice-Chairman of the Board of Directors.

(b) to appoint the Managing Director and such other staff if considered necessary, of the Federation and to determine their conditions of service including qualifications, recruitment, emoluments, incentives, punishment, retirement etc. subject to the approval of the Registrar.

(c) to give directions to the Managing Director for convening a meeting of the general body of the Federation and to submit to the general meeting the Annual Report and Balance Sheet.

(d) to open branch offices at suitable centers and fix their jurisdiction and to appoint local committee, if necessary from amongst the shareholders for supervising the business and working of such branches, and to define the powers of such local committee.

(e) to frame subsidiary rules for regulating the business and working of the Federation consistent with the provisions of these Bye-laws.

(f) unless otherwise provided in these Bye-laws and service rules to delegate any of its powers and duties to the Managing Director, Addl. Managing Director and other officers consistent with the provisions of the Act, Rules and Bye-laws.

(g) to appoint and authorise a Director to represent the Federation in the Managing Committee or General Body of another Co-operative Institutions.

(h) generally to supervise all affairs of the Federation.

(i) to purchase shares of any other Co-operative Society or Institution.

(j) to approve annual budget of the Federation.

(k) to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings and claims by or against the Federation and to delegate and authorise this power to any other officer (s) of the Federation.

(l) to grant admission to new members and allot shares.

24. The Board may from time to time constitute its smaller Committee not more than two committees at a time for discharging or carrying out of a specific work and job or function with respect to the area connected and specified in Bye-laws providing powers of the Board of Directors of the Markfed subject to the provisions of the Act and Rules. Such committee shall consist of five members provided further that Managing Director of the Federation & Registrar & or his nominee on the Board shall be the member of such a smaller committee. In case of difference of opinion between the Managing Director/Registrar or his nominee & the remaining members of the committee, the matter shall be placed before the Board whose decision shall be final.

Powers and Duties of the Chairman

25. The Chairman of the Federation shall have the following powers and duties :-

(i) to preside over the meetings of the Board of Directors/general body. However, in the absence of the Chairman, this power/function shall be exercised/performed by the Vice Chairman or as provided in the Act, Rules and Bye-laws.

(ii) To exercise the right to casting vote in the event of equality of votes on any issue in a meeting of the Board of Directors.

(iii) to sign the proceedings of the meeting of the Board of Directors/general body.

(iv) to have a right to seek information from the Managing Director relating to performance of the Federation and its functioning including the information relating to financial matters.

For this purpose channel of communication would be through the Managing Director.

26. The Managing Director of the Federation shall be appointed by the Government.

(i) The Federation will create a common cadre for its employees in such manner as may be provided in the rules governing the common cadre. The services of the incumbents on the cadre may be lent on deputation to Co-operative Marketing Societies or any other societies such as and in the manner provided in the said rules.

(ii) The common cadre shall be governed by the service rules framed by the Registrar in consultation with the Board of Directors as amended and modified by him from time to time in the same manner.

Powers and Duties of the Managing Director

27. The Managing Director of the Federation will be the Chief Executive Officer and its employees shall perform their duties under his superintendent and control. The Managing Director shall have the following powers and duties :

(i) to generally administer the affairs of the Federation subject to the directions of the Board of Directors.

(ii) to undertake day to day management of the business of the Federation and also to arrange the purchase, sale and marketing of commodities to and on behalf of its members and the Federation.

(iii) to supervise and control the work of the employees of the Federation.

(iv) to arrange to open and operate accounts with Co-operative Banks and other commercial Banks and to raise loans on suitable terms and conditions and also to maintain proper accounts.

(v) to arrange for verification of the stock-in-trade at least once in every year and also to arrange the safe custody of stock and properties of the Federation.

(vi) to receive deposits and other money and issue receipts and also to pay amounts due from the Federation.

(vii) to sign on behalf of the Federation and conduct its correspondence.

(viii) to certify copies of entries in the books of Federation.

(ix) to sue and to be sued in the name and on behalf of the Federation under the general authorisation of the Board of Director, along with any other officer not below the rank of Addl. Managing Director as authorised by the Board of Directors.

- (x) to perform all other duties and exercise all such powers as are assigned to him by the Board of Directors.
- (xi) to assist the Board of Directors in the formulation of policies, objectives and planning.
- (xii) to arrange to convene meetings of the general body or the Board of Directors and to maintain proper record for such meetings in consultation with the Chairman.
- (xiii) to ensure compliance of instructions and suggestions contained in the inspection or audit notes relating to the Federation.
- (xiv) to delegate any of its powers and duties to the Addl. Managing Director and other offices consistent with the provisions of these Bye-laws/rules.

28. The instruments, executed on behalf of the Federation except receipts shall bear the signatures of such two officers of the Federation as may be appointed by the Board of Directors from time to time.

General Body

29. The General Body members of the Federation shall meet from time to time and at least once a year. A meeting of the General Body shall be convened by the Managing Director of the Federation under the directions of the Board of Directors. A General meeting shall also be convened if the requisition of such meeting signed by not less than one fifth of the total members, is received by the Board of Directors, If on the receipt of the requisition the Board of directors fails with in a reasonable time, not exceeding 30 days, to convene the General meeting, the signatories to the requisition may refer the matter to the Registrar, who may, if he thinks fit summon the General Meeting. The Registrar, may, on his own motion, at any time summon a General meeting of the Federation. Every society will be represented by one person fully authorised by the member society and the person concerned will deposit the instrument so appointing him before the General meeting.

30. At least 15 day's notice specifying the date, place and time and the agenda of the General meeting shall be given to all members by issue of letters and insertion of notice in press also. The quorum for the General meeting shall be one-fourth of the total numbers of 500 whichever is less. If at a General meeting there is on quorum within one hour of the time fixed for a meeting it shall be adjourned and a fresh General meeting shall be reconvened after giving due notice. If at the reconvened meeting also there is quorum within one hour of the time appointed for the meeting, then at the end of one hour, members present shall constitute quorum.

31. The Chairman or, in his absence, the vice-chairman shall preside over meeting of the General Body. When both of them are absent, the members present shall elect a Chairman for the meeting.

32. Every member of the General Body shall have one vote. Voting by proxies shall not be allowed at General meeting. Unless otherwise provided in these Bye-laws, all questions shall be decided by a majority of vote of the members present. When the votes are equal the chairman of the General meeting shall have a casting vote.

33. Unless otherwise provided in these Bye-laws, the ultimate authority in all matters relating to the administration of the Federation shall vest in the General Body.

34. Without prejudice to the General Provisions of the preceding Bye-laws, the General Body of members shall have the following powers and duties:

- (i) Removal of the members of the Board of Directors.
- (ii) Consideration of the Annual Report, the audited statement of receipt and disbursements, balance sheet and profit and loss accounts.
- (iii) Disposal of profit.
- (iv) Fixation of the maximum borrowing limit of the federation consistent with these Bye-laws, subject to the approval of the Registrar.
- (v) Amalgamation of other similar Co-operative Institutions with the Federation.
- (vi) Amendment of Bye-laws.

35. NO resolution of the General Body removing the Board of Directors of any Director shall be valid unless it is carried by majority at a general Meeting, at which not less than two-third of number of members are present.

Distribution of Profits

36. After making provision for depreciation of the building, machinery and other stocks as decided by the Board of Directors the net profits of the Federation shall be disposed off in the following manner:

- (i) at least 10% shall be carried to the reserve fund.**
- (ii) such proportion, not exceeding 5% of the net profits, as may be determined by the Registrar by General of special order shall be carried to Co-operative Education Fund to be administered in accordance with the instructions from the Registrar issued from time of time.**
- (iii) the remainder may be utilized for one of more of the following purpose:**
 - (a) distribution of dividend amongst members at a rate not exceeding 20% per annum of the value of the shares actually paid-up;**
 - (b) rebate to members in proportion to their purchases made by them from the society;**
 - (c) 10% shall be carried to the price fluctuation fund;**
 - (d) Creation of building fund, loss adjustment fund and any other fund required by the Federation;**
 - (e) With the previous sanction of the Registrar, after one tenth of the net profit of the year has been carried to the reserve fund, contribute 5% of the remaining net profit to cooperative development fund;**
 - (f) Any surplus may be credited to the reserve fund or carried over to the profits of the next year.**

37. The allocation of net profits recommended by the Board of Directors in consultation with the Registrar, Co-operative Societies shall be decided upon by the General Body.

Amendment of Bye-laws

38. No amendment to these Bye-laws shall be carried out save in accordance with a resolution passed in the General Meeting of the Federation of which due notice of the intention to discuss the amendment has been given:

- (i) Provided that no such resolution shall be valid unless it is passed by a majority of members present at the General Meeting at which not less than two third of the members for the time being of the federation are present.**
- (ii) Provided further that amendments previously approved by the Registrar may be adopted by a majority at an at an ordinary General Meeting.**
- (iii) The amendments shall come into force after they are registered by the Registrar.**

Miscellaneous

39. The accounts of the federation shall be audited at least once a year by the person appointed by competent authority under the Act and Federation shall pay such audit fee as may be assessed from time to time, by the authority competent to do so.

40. The services of the members of the Board of Directors except the Managing Director shall be honorary but they may be paid travelling allowance at the rate/scale fixed by the Board of Directors with the approval of Registrar, Cooperative Societies, Punjab. Payment of honorarium will disqualify the existence of a director on the Board of Directors.

41. In the conduct of the affairs of the federation, the Board of Directors and officials of the Federation shall exercise prudence and diligence of ordinary men of business.

42. The reserve fund of the federation shall be indivisible and on member shall be entitled to claim a specified share in it.

43. Should any doubt arise with regard to the interpretation of these Bye-laws, the matter shall be referred to the registrar whose decision shall be final.

44. All disputes relating to the business of the federation shall be disposed of in the manner provided by the statute governing the Co-operative Societies in Punjab and the rules framed thereunder.

45. The Federation shall maintain such account \s and other record connected with accounts in such from or manner as may be directed by the authority specified in the statutory rules framed under the Act governing the Co-operative Societies in Punjab State.

46. The Federation shall prepare and submit such returns, and statements as the Registrar may, from time to time, specify. Its members will also submit such returns that the federation may ask for from time to time.

47. The Federation shall distribute Bonus to its employees in accordance with the provisions of the Payment of Bonus Act, 1965.

48. The Federation may, in the event of its unsatisfactory working, be wound up and canceled by the order of Registrar in accordance with the law for the time being in force.

B Y E L A W S
O F
A P E X C O O P E R A T I V E
S O C I E T I E S