

BYE –LAWS

OF

THE _____ CO-OPERATIVE
NON AGRICULTURAL
THRIFT & CREDIT SOCIETY LTD.,

**THE BYE-LAWS
OF
The _____ Co-operative
Non-Agricultural
Thrift & Credit Society Ltd.**

NAME, ADDRESS AND AREA OF OPERATION

1. The Society shall be called the _____ Co-operative Non Agricultural Thrift and Credit Society Limited. It shall be referred to here-in-after as the society.
2. The registered address of the society shall be _____ Post Office _____ Tehsil _____ District _____.
3. The area of the operations of the Society shall be extend over _____.

OBJECTS

4. The objects of the Society shall be :-
 - (i) to encourage thrift & saving among its members by accepting deposits and offering other suitable facilities:-
 - (ii) to provide credit facilities to its members on convenient and easy terms as practicable and to raise funds for the purpose;
 - (iii) to arrange for the purchase and sale of household requirements of members;
 - (iv) to undertake measures to spread knowledge of cooperative principles and practices; and
 - (v) to undertake such other activities as are conducive to the attainment of the above objects;

MEMBERSHIP

5. Subject to the provisions of bye-law 6, any individual shall be eligible for admission as a member of the society, if he/she/is:-
 - i) Over 18 years in age and of sound mind;
 - ii) ordinarily resident in the area of operation of the society;
 - iii) of good character and
6. No individual shall be eligible for admission as a member of the society, if:-
 - (a) he has been applied for bankruptcy;
or
 - (b) has been declared as an insolvent.
or
 - (c) he has been sentenced for any offence involving dishonesty or moral turpitude within 5 years proceeding the date of his admission as members.
or
 - (d) he as already a member of another primary cooperative credit society excepting a Land Mortgage Bank if he is a temporary employee of the Bank.
7. Application for admission as member and for allotment of shares shall be disposed of by the managing committee of the society. If the committee refuses to admit a person, it shall record its reasons for such refusal and communicate them to the persons concerned. Any person, who has been refused admission, shall have the right of an appeal to the Registrar within one month of the date of

communication of refusal. The decision of the Registrar on such appeal shall be binding on the society and appellant.

8. No member shall be admitted during 15 days proceeding the date fixed for any general body meeting of the society at which office bearers are to be elected.

9. Every member on admission shall sign his name or make his thumb mark in the register of members and shall pay an admission fee of Rs.10/-

10. i) Every member of the society shall nominate a person or persons to whom his share of interest of such sums out of share or interest as may be specified by the member, shall on the death of the member, be transferred or paid as laid down in these by-laws.

ii) Such nomination may, from time to time be revoked or modified by the member;

iii) the number of persons who may be nominated by a member shall not exceed the number of shares held by the member.

iv) When a member of the society nominates more than one persons, he shall as far as practicable, specify, the amount to be paid or transferred to each nominee in terms of whole share and the interest accruing thereon.

v) the record of nomination shall be kept by the society in such manner as may be laid down by the Registrar from time to time.

vi) The value of the share or interest transferred or paid to a nominee or nominees shall be determined on the basis of the sum actually paid by the member to acquire such share or interest.

11. No share shall be withdrawn, but shares may be transferred to a member or to a person duly qualified for membership and approved by the managing committee.

12. The value of the shares transferred shall in no case be more than the sum received by the society in payment thereof.

13. a) A member may be expelled for one or more of the following reasons:-

i) ceasing to reside in the area of operation of the society.

ii) failure to pay the share money or amounts due from him to the society.

iii) conviction of a criminal offence involving dishonesty or moral turpitude;

iv) application for bankruptcy.

v) any action which may be held by the general body to be dishonest or contrary to the interest, reputation and stated objects of the society such as mis-applying a loan incurring serious outside liability without the society's knowledge or refusing to give information as to his debts etc.

vi) becoming member of another primary co-operative S.E. Thrift and credit Society.

vii) Ceasing to be substantially employed in Bank.

b) No member shall be expelled except by a resolution passed by two third majority in the general meeting at which not less than the member so expelled shall have the right of appeal to the Registrar against the decision of the general body within one month of the date of such decision. The order of the Registrar on appeal shall be binding on the society and the appellant.

14. A person shall cease to be a member of the society in one or more of the following circumstances:-

(i) death;

(ii) ceasing to hold at least one share;

iii) withdrawal after 6 months notice to the Secretary of the society provided that the member withdrawing is not indebted to the society and is not surety for an un-paid debt; and provided further that the share/shares held by the member are disposed of in accordance with these bye-laws.

iv) permanent insanity;

v) declaration of bankruptcy.

LIABILITY

15. The liability of a member for deficit in the assets of the society in event of its being wound up, shall be limited to five times the value of the paid up share capital.

FUNDS

16. The society may raise funds by:-

- i) issuing of shares of the value of Rs.100/- each.
- ii) acceptance of deposits from members.
- iii) raising deposits and loans from non-members.
- iv) accumulation of profits.

17. i) Each member shall take at least one share of the value of Rs. 10/- at the time of admission, Each member shall pay in three equal six monthly instalments.

ii) Nothing in the above sub-clause shall prevent a member from payment of the value of share in lump sum.

18. No. member shall hold shares of which the nominal value exceeds Rs. 5,000/- or 1/5th of the total share capital whichever be less. If any, member by inheritance or otherwise becomes possessed of more than the maximum holding permitted by this rule the managing committee shall have power to sell the excess number or to buy them on behalf of society and to hold the proceeds at his disposal.

19. If the payment due on account of shares remains up for more than 3 months, the managing committee may declare such share forfeited together with all payment made thereon and the rights of membership attaching to those shares shall there upon be extinguished. The committee may allow such share to be restored provided.

- i) that all arrears together with such interest as the committee may demand are paid up and
- ii) that such payment is made within three months of the date of forfeiture.

MAXIMUM CREDIT LIMIT

20. The maximum credit limit of the society shall be fixed by the General Body in accordance with the instructions laid down by the Registrar from time to time. The limit thus fixed shall be subject to the approval of the Registrar who may at any time reduce it.

GENERAL BODY

21. All the members on a given date shall constitute the general body of the society.

22. The general body of members of the society shall meet from time to time at least once a year. A meeting of the general body shall be convened by the Secy. of the society under the directions of the Managing Committee. A general meeting shall be convened, if the requisition or such a meeting, signed by not less than one fourth of the total members, is received by the managing committee. If on the receipt of the requisition managing committee fails, within reasonable time 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 motion, at any time, summon the general meeting of the society.

23. At least a fortnight's notice, specifying the date, place and time and agenda of the general meeting, shall be given to all members. The notice of a general meeting may be given in one or more of the following modes:-

- i) affixing a copy of the notice at the society' office or at some conspicuous place in the area of operation of the society.
- ii) By circulating the notice book and getting signatures of members on it;
- iii) by post; under postal certificate
- iv) by beat of drum.

The quorum for the general meeting shall be one third of the total number of members or 30 whichever is less. If at the hour fixed for general meeting, the quorum is not forthcoming, the Chairman of the meeting shall, if the meeting has been called on the requisition of the members, adjourn it and no further general meeting shall be convened on the strength of the requisition. If the general meeting is

convened otherwise than on requisition, the Chairman shall postpone the meeting to a further date. A fresh notice for the subsequent general meeting shall be given transacted with the number for members present.

24. The President, or in his absence, the Vice-President shall preside over meeting of the general body. When both of them are absent the members present shall elect a Chairman for the meeting.

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

26. Unless otherwise provided in these by-laws the ultimate authority of all matters relating to the administration of the society shall vest in the General Body.

27. Without prejudice to the general provisions of the preceding by-laws, the General Body shall have the following powers and duties:-

- i) The election, suspension and removal of the elected members of the Managing Committee;
- ii) The consideration of the annual report of the society, its audited balance sheet and profit and loss account and the inspection notes;
- iii) Disposal of profits
- iv) The fixation of the maximum credit limit of the society consistent with these by-law, subject to the approval of Registrar.
- v) Fixation of maximum credit limit of each member provided that such limit shall not be more than that laid down in Registrar, instructions.
- vi) amendment of by-laws.
- vii) Transaction of any other business with the permission of the Chairman of the General Body.

28. Each member present at general meeting shall be entitled to exercise one vote only. The President shall have a casting vote. No member who is in arrears of his share instalments, shall be entitled to vote.

29. All business, discussed or decided at a General meeting shall be recorded in a proceedings book which shall be signed by the Chairman of the meeting.

MANAGING COMMITTEE

30. The Managing Committee of the society shall consist of not more than seven members of the society.

31. No person shall be eligible for election as member of the Managing Committee of the society, if he :-

- a) is below 21 years of age: or
- b) is a paid employee of the society or the financing Bank;
- c) is convicted of any offence involving dishonesty or moral turpitude; or
- d) has applied for insolvency or is declared insolvent or
- e) is of unsound mind; or
- f) is in default in the payment of the debts due to the society for a period exceeding six months from the date on which the payment fell due; or
- g) holds any office of profit under the society or receives honorarium; or
- h) is interested directly or indirectly any contract with the society or in any sale or purchase made by the society privately or in auction.
- i) is in arrears of any share instalment.
- j) is indebted beyond his maximum credit limit.

32. The members of the Managing Committee shall hold office for five years and shall be eligible for re-election. Provided that for any reason, a general meeting is not held for the purpose the existing

committee shall continue to hold of initial the election of a new committee, but such election shall ordinary be held within eight months after the election of the previous committee expire.

33. A member of the Committee shall cease to hold office if he:-

- (i) ceases to be a share-holder of the society; or
- (ii) applies for insolvency or is declared insolvent; or
- (iii) is convicted of any offence involving dishonesty or moral turpitude; or
- (iv) holds any office or place of profit under the society or receive any honorarium; or
- (v) resigns and his resignation is accepted by the committee; or
- (vi) absents himself from three consecutive meetings of the managing committee; or
- (vii) defaults in the payments of his debt due to society for a period exceeding 6 months from the date on which the payment fell due;
- (viii) becomes a paid employees of the society or of the financing Bank; or
- (ix) defaults in the payment of any share instalments.
- (x) incurs a debt beyond his maximum credit limit.

34. The members of the Managing Committee shall elect from amongst themselves the President and the Vice-President.

35. Meeting of the Managing Committee shall be held when necessary. Three member shall form a quorum. The President or the Vice-President or in his absence a member elected by those present in a meeting shall preside. Unless otherwise provided in these bye-laws, all questions shall be decided by a majority of votes. Each member shall have one vote. In case of equality of votes, the Chairman shall have a casting vote.

36. The Managing Committee shall exercise all the powers and discharge all the duties of the society except those reserved for general body subject to any regulations or restrictions duly laid down by the society in a general meeting or in the bye-laws. In particular the Mananging Committee; shall have the following powers and duties:-

- (i) to observe in all their transactions, the Act the notified rules and the bye-laws;
- ii) to maintain true and accurate accounts of all money received and expanded and stock bought and sold;
- (iii) to keep a true account of the assests and liabilities of the society;
- (iv) to keep a register of members correct and up-to-date;
- (v) to prepare and lay before the annual general meeting a profit and loss account and audited balance sheet;
- (vi) to examine the account, sanction contingent expenditure and supervise the maintenance of the prescribed registers;
- (vii) to consider the inspection notes of Registrar or his staff and to take necessary action.
- (viii) to elect new members, to issue new shares and transfer old shares;
- (ix) to arrange for the recovery of shares instalments and interest on overdue instalments;
- (x) to give directions to secretary to summon general meeting in accordance with these bye-laws;
- (xi) to contract loans subject to any restrictions imposed by the general body or by the Registrar;
- (xii) to decide the terms and periods for which the loans are to be given, to approve or reject the security, to arrange for the recovery of loans and interest and to sanction renewals when necessary.
- (xiii) to decide the terms, the period for and the rates of interest at which deposits are to be received and to arrange for the payment or return of deposits.
- (xiv) to decide the term of purchase and sale of household requirements of members. All the sale shall be on cash terms. Sales shall be confirmed to members only except in case of a surplus not required for the use of the members or except when the society is appointed as an agent or is given a dedot by govt.
- (xv) to watch that loans are applied to the approved purpose for which they are made.

- (xvi) to assist the inspection of the books by any person authorised to see them.
- (xvii) to appoint, suspend, dismiss or punish employees subject to any conditions laid down by the Registrar from time to time and to take proper securities from them as determined by the Registrar;
- (xviii) through any member, or officer, or employee of the society or any other persons specially authorised to institute, conduct defend compromise refer to arbitration, or abandon legal proceedings by or against the society or committee or officers or employees concerning the affairs of society;
- (xix) to acquire on behalf of the society share in other registered cooperative society.
- (xx) to arrange for the safe custody of books and appoint one of its members or one of the officers of the society resident in the village to take charge of all the registers and papers prescribed in these bye-laws.
- (xxi) to appoint one of the members of the committee to take charge of all money received and generally to carry on the duties of a treasurer in the absence of the treasurer. The person thus appointed shall handover the money thus received to the treasurer immediately on his return.
- (xxii) to accept or reject the resignation from the Committee members and in case of acceptance, to co-operate another member till the election of a committee member by the general body in his place;
- (xxiii) to invest the surplus funds of the society in accordance with the co-operative Societies Act or Rules framed thereunder;
- (xxiv) to purchase, sell hire or otherwise acquire or dispose of property on behalf of the society.
- (xxv) to buy, sell, enforce the negotiate or otherwise deal with the securities of the Central Govt. or State Govt. or other security specified in Section 20 of the Indian or other security specified in Section 20 of the Indian Trust Act- 1882 in the name of the society, and to authorise on behalf of the Central Coop. Bank or the Punjab State Cooperative Bank Ltd. Chandigarh or with the previous approval of the Registrar, office bearers of the society and to arrange for the safe custody of the security owned or pledge with the society.
- (xxvi) generally to carry on the business of the society.

37. It shall be competent for the Managing Committee to frame subsidiary rules for the conduct of the business of the Society consistent with these bye-laws. Such subsidiary rules shall be entered in the minute book of the society and shall take effect only after their approval by the Registrar.

38. The Managing Committee may constitute an executive committee and delegate to it such powers and functions as it considers fit,

39. In the conduct of the affairs of the Society the members of Managing or Executive Committee shall exercise the prudence and diligence of ordinary men of business and shall be responsible for any loss sustained through acts contrary to the laws, the bye-laws, and the stated object of the Society.

40. All business discussed or decided at a meeting of the Managing or Executive Committee shall be recorded in a proceeding book which shall be signed by the Chairman of the meeting and all the members of the committee present.

41. No member of the committee shall vote in any application for a loan in which he himself is interested as a borrower or surety. No member of the committee shall stand surety for a new loan to any member of the committee.

SECRETARY

42. The powers and duties of the Secretary shall be as under:-

- (i) to maintain correctly and up-to-date the prescribed papers and registers;
- (ii) to procure from borrowers the due execution of bonds with security when required under these bye-laws;
- (iii) to prepare all receipts, vouchers and documents required by the Rules or the bye-laws or called for by the Committee;
- (iv) to sign on behalf of the society and to conduct its correspondence ;
- (v) to summon and to attend General meeting and have them duly signed;

- (vi) to record the proceedings of such meetings and have them duly signed.
- (vii) to prepare the annual statements and submit them to the Registrar within the period prescribed by him.
- (viii) to control the staff under him.
- (ix) to certify copies of entries in the books under the co-operative Societies Act;
- (x) to incur contingent expenditure within limits fixed by the Managing Committee.
- (xi) generally to conduct the current business of the Society and perform all duties entrusted to him by the Committee.

Treasurer

43. Treasurer shall be elected by the Managing Committee and he shall take charge of all money received by the Society from any source and shall make disbursement in accordance with the directions of the Committee. He shall sign the cash book in token of its corrections and produce the cash balance whenever called upon to do so by the president, of the committee or auditor or any officer of the Cooperative Department.

REGISTRARS

44. The following books and papers shall be maintained:-

- (i) A register of members, showing the name, address and occupation of every member, the number of shares held by him, the date of his admission to membership and nominee appointed by him.
- (ii) Cash book.
- (iii) Ledger account for each member, depositor, miscellaneous and contingent income and expenditure and purchase and sale of any goods etc.
- (iv) Kist bandi book.
- (v) Proceedings book.
- (vi) Share list or register of share.
- (vii) A register of sureties.
- (viii) A register showing maximum credit limits of each member.
- (ix) A Stock Register.
- (x) cash memos with duplicate copies.
- (xi) Any other register prescribed by the Registrar or required by one society for its business.
- (xii) A pass book for each member and depositor.
- (xiii) A register of Bonds.
- (xiv) A Register for the confirmation of accounts.

45. The books of the society shall be open to inspection to any interested in the funds of the society except that no one shall be allowed to see the deposit account of any person without that person's consent in writing, Copies of bye-laws and the balance sheet shall be supplies free on demand to any member.

LOANS

46. Applications for loans and/or cash credit shall be made to the Secretary. The application shall among other matters, contain particulars of the purposes or purpose for which the loan etc. is required. Such applications shall be disposed of by the Managing Committee who may sanction or reject his application.

47. Loans and or cash shall be given only to members. No persons shall claim a loan or cash credit as a matter of right. Loans and cash credit shall be granted after obtaining security from the borrower in such form and in accordance with such standards as the Registrar may from time to time direct. No loan shall be advanced to a member who is in arrears of his share instalments or compulsory deposit or is a persistent defaulter.

48. Loans and cash credits shall be given only for useful purpose. The following alone shall be deemed a useful purpose :-

(A) *Short term purposes :*

- (1) purchase of food grains and other necessities of life;
- (2) trade and cottage Industry;
- (3) payment of rent;
- (4) such other purposes as are declared from time to time by the Registrar as short term.

(b) *Medium term purposes :*

- (1) construction and repair of houses;
- (2) repayment of debts;
- (3) ceremonial expenses;
- (4) educational purposes;
- (5) such other purposes are are declared from time to time by the Registrar as medium

term.

49. The period for repayment of each loan shall be fixed by the Managing Committee according to the purpose of the loan. Ordinarily the maximum period for repayment of a loan for short term purpose shall not exceed 12 months while loan given for a medium term purpose shall be repayable ordinarily in two to three years. In any case, no loan shall be sanctioned for a period exceeding five years.

50. If a loan is not applied to the purpose for which it was borrowed, Managing Committee shall be competent to recall it immediately.

All loans shall be issued subject to the right of the society to recall them without notice when any loss is apprehended through a weakening of the borrower's financial position.

51. The rates of interest on loans to be charged by the society shall be fixed by the general body. Such rate or rates shall come into force after they are approved by the Registrar. The Registrar may, on his own, motion, direct the society to vary its rate or rates of interest and such direction shall be binding on the society.

52. With the previous approval of the Registrar, the society may have more than one rate of interest in respect of loans for particular objects, but no discrimination shall be exercised in the rate of interest for the loans advanced for the same purpose at the same time.

53. The society may, with prior approval of the Registrar fix a penal rate of interest to be charged in respect of loans in whose repayment there is a defaulter.

DISTRIBUTION OF PROFITS

54. The net profits of the society, as per audited balance sheet, shall be distributed as follows:-

- (i) At least 25% percent shall be carried to the Reserve Fund;
- (ii) Such proportions, not exceeding 5 percent of the net profits, shall be carried to the Co-operative Education Fund to be administered in accordance with the instructions from the Register issued from time to time.
- (iii) The remainder may be utilized for one or more of the following purposes;
 - (a) distribution of dividend amongst members at a rate not exceeding 10 percent per annum on the value of the shares actually paid up;
 - (b) distribution of rebate amongst members in proportion to the purchases and sales made by them form or the society.
 - (c) a sum not exceeding 9 percent of the net profits may be spent on any charitable purpose as defined in section 2 of the Charitable Endorsement Act. 1890 or be allocated to a Common Good Fund. devoted to any of these purposes.
 - (d) creation of a Bad Debt Fund, Building Fund, or any other fund required by the society.
 - (iv) any surplus may be credited to Reserve Fund, or carried to the profits of the next year.

55. It shall be competent for the society to incur expenditure on such measures as are conducive to the imparting of knowledge of co-operative principles and practices. For this purpose the society shall contribute to the Punjab Co-operative Union every year such amount not exceeding Rs. 10/- as may be directed by the Registrar.

56. The Reserve Fund shall be indivisible and no member shall be entitled to claim a specific share in it, provided that, in exceptional circumstances, with the prior approval of Registrar, the Reserve Fund may be utilised in meeting losses.

AMENDMENT OF BYE-LAWS

57. No amendment to those bye-laws shall be carried out save in accordance with a resolution passed at a general body meeting of which due notice of the intention to discuss the amendments has been given.

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 society are present.

Provided further that model bye-laws or amendments previously approved by the Registrar may be adopted by a simple majority at a general meeting with an ordinary quorum.

MISCELLANEOUS

58. The society shall pay such audit fee as may be assessed from time to time by the authority competent to do so.

59. Every member shall subscribe to at least one of the following kinds of savings deposits:-

- (i) deposits for specific objects.
- (ii) deposits for specific period.
- (iii) home savings safe deposits.

Such deposits shall be governed by rules to be framed by the Managing Committee and approved by the General Body.

Any member of the society may be exempted from subscription to deposits for any period by the Managing Committee on valid ground.

60. If the society is indebted to a Cooperative Central Financing institution, it shall be competent for a representative of the latter to inspect the books and record of the society and the Managing Committee of the society shall arrange the production of books of record before such representatives.

61. The services of the members of the Managing Committee shall be honorary, but they may be paid travelling and daily allowance on a scale fixed by the committee and approved by the Registrar.

62. Should any doubt arise with regard to the interpretation on any of these bye-laws, the matter shall be referred to the Registrar whose decision shall be final.

63. Work relating to execution of awards in favour of the society shall be carried out by an execution union or executive agent approved by the Registrar and the society shall not withdraw any awards unless the dues of execution union or the execution agents have been paid.

64. (a) No person shall be employed by the society unless he satisfies the qualifications that may be laid down by the Registrar from time to time.

(b) No person shall be employed by the society without obtaining from him security in such form and according to such standards as may be laid down by the Registrar from time to time.

65. If any dispute, other than a dispute regarding disciplinary action taken by the society or its managing committee against a paid servant of the society, touching the constitution or business of the society, arises between the members and past members of the society or other persons referred to in the relevant provisions of the co-operative Societies Act and the Rules framed thereunder, it shall be disposed of in the manner provided in such an Act and the Rules.

66. The society shall maintain such accounts and other records connected with accounts in such form or manner as may be directed by the authority competent to do so under the Co-operative Societies Act.

67. The society shall prepare and submit such returns and statements as the Registrar may from time to time specify.

68. The society may, in the circumstances specified by the relevant provisions of the Co-operative Societies Act, be wound up and cancelled by the Registrar in accordance with the procedure laid down by such Act and the Rules framed thereunder.

69. In these by-laws, unless there is anything repugnant to the context, the Registrar shall include an officer sub-ordinate to him and authorized by him in this behalf.