

CHAPTER I
IDENTIFICATION OF COOPERATIVE SOCIETY

1. **NAME** : Bahu-Uddeshiye Prathmik Gramin Cooperative Samiti (B-PACS)
2. **ADDRESS** : Registered and Postal Address of the Society (Location of the Society)
3. **AREA OF OPERATION** : The following Revenue village (s) / Panchayat (s) will be having the Operational area of the Society;
i). ----- ii)----- iii).-----
----- iv).-----

4. **DEFINITIONS:**

- (1) **"Act"** means the Cooperative Societies Act under which the Society is registered;
- (2) **"Agriculture"** means agriculture and allied activities;
- (3) **"Area of operation"** means the geographical area (Revenue village (s)/ Panchayat (s)) from which the Society is authorised to draw its membership as specified in the bye laws;
- (4) **"Board of Directors"** means the Managing Committee or the governing body of the Society, by whatever name called, constituted as per the Act to which the direction, control and the management of the affairs of the Society is entrusted to;
- (5) **"Branches"** means Branches of the Cooperative Society;
- (6) **"Bye Law"** means the Registered Bye Law of the Cooperative Society and includes amendment thereof;

- (7) **“Chief Executive Officer”** means a person, who is appointed by the Board of Directors as executive head of the Society and manages the affairs and day to day operations/activities, subject to the superintendence, control and direction of the Board and designated by whatever designation such as Chief Executive, Managing Director, and Secretary etc;
- (8) **“Co-operative Tribunal”** means the Cooperative Tribunal constituted under concerned Act;
- (9) **“Delegate”** means a member nominated by a Co-operative Society to represent its interests in a federation or other organization;
- (10) **“Director”** means the member of the Board of Directors or by whatever name called duly elected or nominated or co-opted as per the Act, Rule and Bye Laws;
- (11) **“Employee”** mean the persons appointed by the Board of Directors in order to maintain the day to day operations of the Society;
- (12) **“Farmer”** means a person actively engaged in the economic and/or livelihood activity of growing crops and producing other primary agricultural commodities and will include poultry and livestock rearers, fishers, beekeepers, gardeners, pastoralists, non-corporate planters as well as persons engaged in various farming related occupations such as horticulture, floriculture, sericulture, vermiculture, and agro-forestry. The term will also include tribal families / persons engaged in shifting cultivation and in the collection, use and sale of timber and non-timber forest produce;
- (13) **“Financing Bank”** means Name of the bank to which the Cooperative Society is affiliated or the Society is substantially financed by;
- (14) **“Financial Year”** means the period commencing from the 1st day of April of any year and ending with the 31st day of March of succeeding year;
- (15) **“General Body”** means a Body consisting of all the “A” class members of the Society;

- (16) **“Government”** means the State Government/ Government of India/Appropriate authority in the U.T. with reference to the context;
- (17) **“Jurisdiction”** means the area of operation of the Cooperative Society;
- (18) **“Liability of a member”** means, the extent of liability of every member is limited to the Shares held by him/her towards contribution of the capital of the Society;
- (19) **“Member”** means any individual joining in application for registration or admitted as member of the Society after registration in accordance with the Act, the Rules and Byelaws;
- (20) **“NABARD”** means National Bank for Agriculture and Rural Development constituted by NABARD Act 1981;
- (21) **“Nominal Member”** means any person admitted to the membership of the Society for a specific purpose as nominal member as provided in the Act, Rule and bye law and shall have no voting right;
- (22) **“Office-bearer”** means an individual elected by the General Body or the Board of the Co-operative Society to any office of such Co-operative Society in accordance with its bye-laws and includes President, Vice President etc;
- (23) **“Person”** means an adult individual not less than 18 years of age;
- (24) **“President”** means a person elected in accordance with the provisions of Act, Rules and Bye-laws who shall be responsible, for the overall development and progress of the Society and its members, the implementation of the policy decisions of the Committee and due observance by the Society of the provisions of Cooperative Act, Rules and Bye-laws;
- (25) **“Professional Director”** means a person appointed or co-opted as Director to the Board of Directors of Cooperative by virtue of his being an expert in the field of accounting, finance, management, banking, Information technology, law, agriculture, cooperation, cooperative management or another specialized field relating to the activities of the Society, if available in the local area, who is willing

to guide and advice in the affairs or business activities of the Society without voting right;

- (26) **"RBI"** means Reserve Bank of India constituted by RBI Act 1934;
- (27) **"Registrar"** means the Registrar of Cooperative Societies appointed by the Government as per the Cooperative Societies Act to perform the functions of Registrar and includes any person appointed to assist the Registrar and exercising all or any of the powers of the Registrar;
- (28) **"Rule"** means the Rules framed under the Cooperative Act under which the Society is registered;
- (29) **"Seal"** means the General Seal of the Society with year of establishment;
- (30) **"Society"** means the Cooperative Society;
- (31) **"Sub Committee"** means the Sub Committee constituted by the Board of Directors as per Bye Laws for the purpose of Special/particular assignment and for a specific period by whatever name is called;
- (32) **"Vice- President"** means a person elected in accordance with the provisions of Act, Rules and Bye-laws who shall act as President in absence of the President of the Society;

CHAPTER II

OBJECTIVES AND SERVICES

5. OBJECTIVES OF THE SOCIETY

The Objectives of the Society shall be:

- (1) To provide to its members timely and adequate Short term and Medium-term credit for development of backward and forward activities related to agriculture and its product, loan for consumption or medical purpose against collateral/pledge financing like commodities / bonds/ securities, etc. maintaining the financial norms (like credit worthiness and securing the given loan) in the operational area through share capital, deposits and borrowings from any financial institutions approved/ supported by RBI;
- (2) To provide Long term loan after approval of the concerned DCCB;
- (3) To promote and develop backward linkages (such as demonstration plots, irrigation facilities, manure, fertilizers, improved seeds/ seed production, custom hiring centre, farm machineries/implements, insecticides and other production related inputs etc) and forward linkages (such as collection, grading, cleaning, packaging, branding and marketing, storage [godown and cold storage], processing, setting up of value Chain [transport, logistics, refrigerated van, etc]), for the agriculture produce & its products (such as field crops, fruits & vegetable, floriculture, dairy activities, fisheries/shrimp farming, poultry, bee-keeping, sericulture, plantation, Sheep, goat, rabbits, Piggery and any other land based agriculture related activities and their processing), by way of technical and financial support to its members in the operational area of the Society;
- (4) To facilitate or make arrangements or to collaborate with any local bodies/Govts/ Deptts/Univesities/Societies/Companies for achieving its objectives and for the benefit of Society and Members;

- (5) To engage in service or business operations (like infrastructure development, community centres/ hospital or education institutions, procurement of food grains, Fair price shop, or any Govt scheme, Dealership/agency/Distributorship or supply of LPG/Petrol/Diesel/Green energy/ farm or household Consumables/ farm machineries, training of members for skill improvement, etc) which may enhance the facilities and income of Society or its members;
- (6) To set up or arrange for Locker facilities
- (7) To collect socio-economic, financial and business related information of all members and non members in the operational areas which may strengthen the policy framework, development of agriculture plan and related business plan or developmental plan and also beneficial to all the stakeholders of the operational areas;
- (8) To demonstrate, promote and develop the latest technologies or extension activities related to agriculture and its allied activities for enhancing the income of the society and its members;
- (9) To empower its members & their families (particularly youth and women) and Management and staff about Cooperative Principles, Cooperative Values and Cooperative actions which may promote social harmony and economic benefits to all the stakeholders of the operational area by way of organizing training, exposure visits or capacity building programmes;
- (10) To act an agent or Bank Mitra /Business Correspondence (BC)/Business Facilitator (BF) for the Financial /Banking Institutions;
- (11) To act as an agency for implementation of social security scheme for the members;
- (12) To focus and encourage the inclusion of youth and women in the cooperative base activities in the area of operation;
- (13) To provide community based service in the field of education (school, college), health (hospital, dispensary, clinical laboratory, ambulance service), tourism and environmental and sustainable development activities to the members;
- (14) To participate in the Government Scheme for payment services through Direct Benefit Transfer (DBT) to beneficiaries in the operational area of the Society;

- (15) To act as a source of information/data centre to be used by the Government for various purposes;
- (16) To act as a Common Service Centre for facilitating on-line/digital services in the area of operation of the Society;
- (17) To undertake marketing and similar activities outside its Area of Operation for the benefit of the members of the Society.
- (18) To undertake such other activities as are conducive and incidental to the attainment of the above objects and approved by the General Body for the benefit of the members and Society.

6. SERVICES OF THE SOCIETY

The following services or business facilities in which the Society can engage itself, keeping in view the above objectives are as follows:

- (1) Any activity related to backward & forward linkages of agricultural produce and its product to support its members;
- (2) Loan facilities as per the agriculture production and its processing activities, household consumption based requirement of members subject to necessary regulatory approval from the concerned authority;
- (3) Any asset creation or arrangements or setting up subsidiaries which may be beneficial to the society and its members for production, collection, processing and marketing of the product;
- (4) Awareness creation, capacity building programmes, skill development, fairs and exhibitions or any extension related works;
- (5) Collaboration with Govt. Depts/Universities/Industries and its association/multilateral agencies with necessary approval from the concerned Govt, which is beneficial to the Society and its members;
- (6) Other business or financial support necessary and required to fulfill the objectives.

CHAPTER III

MEMBERSHIP

7. MEMBERSHIP:

(1) TYPES OF MEMBERSHIP: The Society shall have two types of membership.

“A”-CLASS MEMBERS: ‘A’ class members are the share holders of the Society who can exercise all the membership rights as provided in the bye law.

“B”-CLASS MEMBERS: ‘B’ class members are nominal members of the Society.

(2) ELIGIBILITY FOR ‘A’ CLASS MEMBERSHIP:

The following persons subject to fulfillment of the eligible condition shall be A-Class Members:

- a) The promoters at the time of registration of Society;
- b) An Individual who,
 - i) is competent to contract under the provision of Section 11 of the Indian Contract Act 1872 (above 18 years of age, having a sound mind and not debarred by any Law) and
 - ii) resides within the area of operation of the Society and
 - iii) possess agricultural land or **land for allied agricultural activities or rearing** domestic cattle in the area of operation of the Society;
- c) If there is no PACS in the Panchayat/ village then the members can avail benefits of the nearby PACS after approval of the Registrar;
- d) State Government or any other Government Body;

(3) ELIGIBILITY FOR ‘B’-CLASS MEMBERSHIP:

- a) A person who desires to have a business relationship with Society shall be admitted as nominal member by payment of admission fee of Rs.100 which is non-refundable and shall be credited to Reserve Fund of the Society.
- b) SHG/JLG/FIG, Tenant farmers, share croppers, oral lessees or users of land, agricultural labourers, micro entrepreneurs, rural artisan and person involved in other allied activities shall be admitted as nominal members of the Society.

- c) Nominal Members shall have no right to attend any meeting to vote in the affairs of the Society and they will not be entitled for dividend from the Society.
- d) Nominal members cannot contest in the election for the member of the Board of Directors in the Society.
- e) A Nominal member who is indebted to the Society either in his personal capacity or as surety or guarantor shall continue to be such member so long as the liability of the Society has not been fully discharged.
- f) No share certificate shall be issued to such nominal members but separate Register shall be maintained in the Society which shall contain his signature and full address in proof of his membership.

(4) INELIGIBILITY OR DISQUALIFICATION OF MEMBERS:

A person shall not be eligible for admission or continue as member of the Society, and/or shall cease to be member if he / she:

- a) has been sentenced for an offence involving moral turpitude, such sentence not having been reversed;
- b) has been convicted for any other offence by a court of Law and sentenced to imprisonment for three months or more unless a period of 5 years has been elapsed since his/ her release;
- c) is an applicant to be adjudicated as a bankrupt or an insolvent or is an uncertified bankrupt or is an un-discharged insolvent;
- d) is a paid employee of the Society or its financing Bank;
- e) has been expelled by the Society or by any other Co-operative Society within a period of 2 years from the date of such expulsion;
- f) has defaulted in payment of all dues including contributions, subscriptions, if any, as decided by the Board of Directors of the Society from time to time and has not made the payment within 30 days after receiving the notice of payment;
- g) he is of unsound mind;
- h) Possesses any other disqualification as per the provision of the Act.

(5) PROCEDURE FOR MEMBERSHIP:

- a) Any person who is desirous of becoming a member of the Society and is eligible as per the bye law, may obtain an application form at a prescribed fee and may submit the duly filled application form to the Chief Executive Officer (CEO) of the Society.
- b) The CEO shall place the same before the Board of Directors for final decisions.
- c) The CEO shall inform the applicant the decision of the Board of Directors within 15 days after the BOD meeting and if allowed by the BOD, ask him/her to deposit the admission fee and share money along with necessary documents as specified by the Board of Directors like Identity proof, residence proof, land holding proof, resolution of informal group/ other cooperative society etc. on submission of which the applicant shall be admitted as member of the Society.
- d) Every individual shall subscribe at least five shares (Rs. 100/- each share) amounting to Rs. 500/- of the Society to become A-Class Member. The member shall also have to pay an admission fee Rs. 100/- at the time of admission, which shall be non-refundable.
- e) The members of the Society shall be drawn from Revenue Villages under the area of operation of the Society, namely _____.
- f) The prospective members should be educated with cooperative values, principles and philosophy and the services/facilities and benefits available in the Society before admitting as a member.

(6) SHARES SUBSCRIPTION BY THE MEMBERS:

- a) Every Individual shall pay the admission fee of Rs. 100 and subscribe a minimum of 5 fully paid up shares amounting to Rs. 500/- to the capital of the Society in order to exercise the rights of membership.
- b) Maximum share holding by a member except Govt. shall be limited to 1/5th of the total subscribed share capital of the Society.

- c) Every Individual to whom shares are allotted shall be entitled to receive share certificate specifying therein number of shares allotted to him and amount paid by him.
- d) Every share certificate shall be signed by the President and Chief Executive or any other officer authorized by the Board of Directors of the Society.
- e) The Society shall maintain a Register of shares, showing record of shares issued/transferred to its member from time to time and amount of share capital available of each member with the Society.
- f) The Society shall have the absolute right to set off the share amount and the dividend earned on it towards the respective loans or any other dues recoverable from him/her. This doctrine shall also apply to the members, past members and the deceased members.
- g) The Society shall have the absolute right to utilize the dividend earned on strengthening the capital base of the society.
- h) The rate of dividend, to be declared by the Society, shall be decided in the General Body Meeting.

(7) RIGHTS OF MEMBER:

1. 'A' Class Member: Every 'A' class member shall have the following rights:

- a) to attend, participate and vote in General Meeting of the Society;
- b) to receive a copy of the annual report and accounts;

- c) to elect Directors and to contest as a Director in the Board if eligible provided that he/she has been a member of the Society for a minimum period of one year;
- d) to avail all services/facilities or infrastructural support rendered by the Society;
- e) to receive dividend as share in profit earned by the Society on his share capital;
- f) the dividend out of Dairy activities of the PACS to be redistributed only to the cattle holder members and all other dividend of the Society to be distributed to the farmer members;
- g) to take loan or facilities of the Society if found eligible, on and under such conditions as may be laid by the Board of Directors or General Body from time to time;
- h) to inspect own accounts in the Society and to obtain a copy of the same by payment of a fee prescribed by the Board of Directors/ Managing Committee;
- i) to inspect annual reports, audited statements of accounts, Audit report, Inspection report and the compliance report;
- j) to receive a copy of proceeding of minute book pertaining to General Body meetings;
- k) to get the copy of Act, Rules and up-to-date Bye-Laws of the society;
- l) to inspect copies of any inquiry or special audit report; and
- m) to avail the voting right in the Society, a member is required to transact the minimum services as decided by the General Body of the Society in accordance to the Act, Rule and Byelaw.

2. "B" CLASS Members- Nominal Members: Every nominal member shall have the following rights;

- a) To receive non-farm sector loan and other non-credit facilities rendered by Society on the term and conditions decided by the Society.
- b) To receive an incentive up to 10% of the total dividend arising out of the Non-farm loans extended to the Nominal Members
- c) To provide facilities owned by them which may be beneficial for Society and its members on mutually decided terms and conditions operated within or outside the operational area of the Society.

(8) DUTIES OF MEMBER:

- a) Every applicant before admitting to the membership of the society shall sign a declaration that he / she has read and understood the provisions of the byelaw and will be bound by the Bye-laws of the society.
- b) A member who is already a member by reason of having joined the application for Registration is required to sign such declaration within one month of the Registration of the society.
- c) No member shall exercise any right of membership until he has signed the declaration as referred to above and has paid the admission fee and the full value of shares subscribed by him/her.

(9) LIABILITY OF MEMEBRS:

The 'A' class members of the Society shall, in the event of liquidation/dissolution, be jointly and severally liable to contribute towards deficit in the assets, be limited to the extent of share capital subscribed or paid by him/her.

(10) WITHDRAWAL OF MEMBERSHIP AND SHARE CAPITAL:

Membership can be withdrawn only after permission of the General Body. If the member has paid all the dues to the society in full, he can withdraw his membership, provided that a member is required to give a three months notice to the Board of Directors and give a written request, explaining his reasons for withdrawal. Withdrawal/Cessation of membership does not absolve the member from any financial or other liabilities he has as a member.

(11) EXPULSION OF MEMBER:

A Member of the Society may be expelled by a resolution in the General Body passed by 2/3rd majority present and voting if:-

- a) He/she has acted against the interest of the Society; and/or
- b) His/her continuance as a member is detrimental and prejudicial to the functioning of the Society;

Provided that, the concerned member shall not be expelled unless he/she has been given a reasonable opportunity of being heard in the matter.

(12) NOMINATION BY MEMBER:

A member may nominate a person as nominee in whose favour the Society shall dispose of the share or interest of such member on his/her death.

CHAPTER IV

CAPITAL AND FUNDS

8. FUNDS AND RESOURCES:

The Society shall ordinarily obtain funds from the following sources:

1. Admission fee/Membership enrollment fee
2. Share Capital
3. Borrowings
4. Deposit
5. Reserve and Surplus
6. Grants and subsidies
7. Donations
8. Income from business activities

(i) ADMISSION FEE- the Society collects admission fee of Rs. 100 from both 'A' class and 'B' class members. The admission fee is no refundable.

(ii) SHARE CAPITAL:

- a) The authorized share capital of the Society shall be Rs. _____ (Rupees)
made up of _____ Nos. of shares of Rs. 100/- each.
- b) Each share is valued at Rs.100. The total value of shares shall be paid in lump sum on its allotment to the members.
- c) The dividend on share capital held by the members shall be distributed to them as decided in the General Body subject to maximum ceiling prescribed in the Act.
- d) A member may withdraw his/her share capital only on withdrawal of membership from the Society. On his/her death, the share capital amount shall be given to his/her nominee after settling dues to the Society, if any. Provided that where the nominee

applies for membership, such amount shall be transferred to the nominee in accordance with procedure laid down by the Board of Directors in this regard.

- e) The maximum interest payable on share/margin money linked with loan in any year shall not exceed the rate of interest payable by scheduled banks in that year, and this interest shall be added to the share.

(iii) BORROWINGS AND MAXIMUM BORROWING POWER OF SOCIETY:

The Society may borrow from Banks and other Financial Institutions to meet its financial requirements. The maximum outstanding borrowings received shall not at any time exceed 25 times of the paid up share capital and Reserves.

(iv) DEPOSITS:

The Society shall accept the deposit from the members only and interest rate of deposits shall be fixed by the Board of Directors. The Society shall formulate separate Deposit Rule and schemes with approval of the Board of Directors.

(v) LOANS AND ADVANCES

Loans shall be advanced to members only after the sanction by the Board of Directors. The applications for loans shall be placed before the Board of Directors for sanction. The Society shall frame separate loan policy for different types of loan, rate of interest to be charged, requisite security/collaterals and other terms and conditions which shall be approved by the Board of Directors.

(vi) RESERVE AND SURPLUS:

The Society shall appropriate 25 % of Net profit every year towards its Reserves and Surplus Fund or as per provisions of the Act. The Reserve Fund of the Society shall belong to it as a whole and no member shall have any claim to a share in it. However, the Society

can utilize the full amount or a part of the said fund in the business with the approval of the General Body.

(vii) GRANTS AND SUBSIDIES

The Society can receive grants and subsidies form Govt. and other agencies.

(viii) DONATION

The Society can receive donation from Govt. and other agency for specific purpose.

CHAPTER V
MANAGEMENT OF SOCIETY

9. GENERAL BODY

(1) The supreme and final authority in the Society shall vest in the General Body of its members. The General Body of the Society shall consist of the following:

- a) All 'A' class members/shareholders of the society;
- b) Nominees of State Government;

(2) Without prejudice to the general provisions of the byelaws, the General Body shall have the following powers and duties:-

- a) Election of the Board of Director in accordance with the procedures laid down in the Act, Rules and byelaws;
- b) Consideration of the annual report of the Society, prepared and presented by the Board;
- c) Consideration of latest audit report and compliance thereof and audited statement of accounts;
- d) Approval of Annual budget;
- e) Consideration of report of Inspection and Enquiry, made in accordance with provisions of Act and byelaws, if any;
- f) Consideration of matter relating to loans and advances given to the Directors and their relatives an action to be taken for recovery thereof in case of default;
- g) Appropriation of net profits;
- h) Creation of specific reserve and other funds and review the actual deployment of other funds;
- i) Amendment of bye-laws, if any;
- j) Expulsion of member, if any;
- k) Approval of long term perspective plan and annual operational plan;

- l) Transaction of any other business with the permission of the President of the General Body Meeting.

(3) The General Body of members shall meet from time to time for the transaction of the business and such meetings shall be called the General Body Meetings and shall be of three kinds.

a) Annual General Body Meeting

- i) The annual general body meeting shall be held within 6 months of closure of the financial year.
- ii) 15 days clear notice shall be required for convening a General Body Meeting.
- iii) Proxy vote is not allowed in the General Body Meeting.

b) Special General Body Meeting

- i) A Special General Body meeting may be convened by the Board at any time during the year, if they feel appropriate for a special purpose.

c) Requisitioned General Body Meeting

- i) A Requisitioned General Body Meeting shall be convened by the Board within 30 days of a requisition signed by at least one-fourth members of total members of the Society having voting right.
- ii) A requisition as mentioned above shall be addressed to the Chief Executive Officer and shall state the need for the meeting and the proposed agenda.
- iii) If on the receipt of the requisition, the Board fails to call the General Meeting within a reasonable time, the signatories to the requisition may refer the matter to the Registrar who, may, if he thinks fit summon the General Meeting or authorise a person to call such Meeting.

(4) The General Body of the members shall meet at least once a year. The General Meeting of the Co-operative Society may be called by the Board or by Chief Executive Officer of the Co-operative Society under the direction of the Board.

- (5) At least 15 clear days notice, specifying the date, place and time and agenda of 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:
- a) Affixing a copy of the notice at the Society's office or at some conspicuous place in the area of operation of the Society;
 - b) By circulation of the notice book and getting signatures of members on it;
 - c) By post
 - d) By digital mode like email, whatsapp etc.
 - e) By beat of drum in the area of operation
- (6) The quorum for the General Meeting shall be one-fourth of the total number of the members or 500 members whichever less is or as provided in the Act and Rule. If at the time fixed for General Meeting, the quorum is not complete, even after waiting for one hour beyond scheduled time, then the meeting shall be adjourned for further date and fresh notice for that date shall be given to members.
- (7) If the meeting has been called on the requisition of the members and the quorum is not complete, the meeting will be adjourned 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 President shall postpone the meeting to a further date and a fresh notice for the subsequent General Meeting shall be given to all members. The business at the subsequent General Meeting may be transacted with the any number of the members present.
- (8) The President or in his absence the Vice President shall preside over meetings of the General Body. When both of them are absent, the members present shall elect a Chairman for the meeting.
- (9) Every member of the General Body shall have one vote. Voting by proxies shall not be allowed at the General Body. All questions shall be decided by the majority of votes of

the members present and eligible for voting. When the votes are equal, the Chairman, of the General Body shall have additional casting vote.

(10) All business discussed or decided at a General Meeting shall be recorded in the minute book and shall be signed by the President of the meeting and CEO of the society.

10. BOARD OF DIRECTOR

(1) There shall be a Board of Director of the Society to manage its affairs and it shall be constituted by election from amongst members of the Society or as laid down in the Cooperative Society Act and Rule of the State.

(2) No person shall be eligible for election as a member of the Board of Director 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 or the Government or any local body; or
- (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 any dues to the Society; or
- (g) holds an office of profit under the Society; or
- (h) is in arrears of shares; or
- (i) is indebted to Society beyond his maximum credit limit; or
- (j) is not a voting member of the cooperative for at least 2 year immediately preceding the date of election; or
- (k) Has not attended at least 2 General Body meetings of the Society held immediately preceding the election; or
- (l) Has at any time lost the right to vote as a member or to continue as one as specified in the bylaw; or

- (m) Has incurred any other disqualification of Director specified in the Act, Rule and bylaws.
- (3) Proper representation in the Board should be given to SC/ST/women and small and marginal farmer members of the Society as per provision of the Act.
- (4) The term of office of the Board of Directors shall be 5 years from the date of election.
- (5) The Board shall take necessary steps as per the provisions of the Act and Rule to conduct election before expiry of the 5 years term.
- (6) At least fifteen clear days notice is required for convening the Board of Directors meetings.
- (7) The Cooperative may adopt elections to the Board of Directors in accordance with the provisions as provided in the Act and Rule.
- (8) The Board shall meet at least once in **three** months for monitoring the transaction of business of the Society.
- (9) A Board meeting shall also be convened on the requisition of a majority of Board members within 15 days of the receipt of such a requisition. The requisition shall be addressed to the Chief Executive Officer and shall state the need for the meeting and the proposed agenda.
- (10) The Board of Director may decide to induct/ co-opt maximum up to 2 professional Director having experience and expertise in the field of Agriculture and allied activities, Food Technology, Banking, Cooperation, Management, Legal, Information Technology etc in the Board for proper guidance and advice. The professional Director shall be the member of the Board and such member shall be excluded for the purpose of counting the total number of Directors specified in the Act. The Professional Director shall have no voting right.

(11) A member of the Board shall be disqualified or cease to hold office if he/she;

- a) ceases to be a share-holder of the Society; or
- b) has applied for insolvency or is declared insolvent ; or
- c) is convicted of any offence for dishonesty or moral turpitude; or
- d) holds any office or place of profit under the Society or receives any honorarium; or
- e) resigns and his resignation is accepted by the Board; or
- f) absents himself from three consecutive meetings of the Board of Director without permission of the Board; or
- g) defaults in the payment of any due to the society; or
- h) becomes a paid employee the Society or financing bank or Govt. or any local body or any other corporate body; or
- i) fails to pay any arrear of share; or
- j) incurs debt from the Society in excess or beyond his maximum credit limit; or
- k) has at any time engaged directly or indirectly in any private business, trade or profession of any description which is carried on by the Society; or
- l) has been penalized for offence under Cooperative Act & Rule; or
- m) has lost the right to vote as member under the Bye Law of the Society; or
- n) has any time expelled from Society or any other Society before two years.

(12) The Board of Directors shall incur disqualification as per the provisions of the Act and Rule.

(13) If a Director of the Board absents himself/herself from three consecutive meeting of the Board he/she shall cease to be member of such Board. The fact shall be intimated to the member concerned and it shall be reported by the Chief Executive Officer at the next meeting of the Board, with the reply received from the member. It shall be open to that body to reinstate such member, provided that a requisition in writing is received from such a member and provided also that he/she shall not be reinstated more than once during the term of the Director. If the President or Vice-President so loses his seat in the Board and if he is not reinstated by the Board at its next meeting, he shall cease

to be the President or the Vice-President, as the case may be and the Board shall proceed to fill up the vacancy caused there by.

(14) A Director of the Board shall also cease to hold office or become ineligible to contest for election or cooption as a Director of the Board if, **on an enquiry and** Certification by the Registrar as per the Act, he is found:-

- a) guilty of misuse of his position for personal benefit or misuse of property of the cooperative for his/her personal gain;
- b) responsible for making any appointment to any post in the cooperative in contravention of the relevant services rules and regulations;
- c) Responsible for willfully or knowingly sanctioning benami loans.

(15) The members of the Board shall elect from amongst themselves the President and Vice President.

(16) The Meeting of the Board shall be held whenever necessary for the interest of the Society. The quorum of the Board meeting shall be maintained by attendance of minimum one-third of total number of members of the Board. President or the Vice-President or in his absence a member elected by those present in meeting shall preside over the Board Meeting. Unless otherwise provided these bye-laws, all matters shall be decided by a majority of votes in the Board meeting. Each member shall have one vote. In case of equality of votes, the President shall have additional casting vote.

(17) The Board 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 General Meeting or in the bye-laws. In particular, the Board of Directors shall have the following powers and duties:

- (i) to observe, in all their transactions, the relevant provisions under the Act, the Rules and the bye-laws ;

- (ii) to maintain true and accurate accounts in respect of all money received and expenditure made and all stock bought and sold by the Society;
- (iii) to prepare a true account of the assets and liabilities of the society;
- (iv) to prepare an annual report on working of the Society, an annual statement of accounts including Balance Sheet, profit and loss account and trading account for submission to the annual General Body Meeting;
- (v) to prepare the statement of accounts required for Audit and to place those along with relevant vouchers and other connected papers before the Auditor;
- (vi) to examine the accounts, sanction contingent expenditure and ensure maintenance of the prescribed registers.
- (vii) to consider the Inspection Report of the Registrar and the Financing Bank and take necessary action and ensure submission of compliance report to the concerned Authority;
- (viii) to admit new members and allotment of shares;
- (ix) to arrange for recovery of shares;
- (x) to give directions to the Chief Executive Officer to convene General Meetings in accordance with the bye-laws;
- (xi) to fix the maximum borrowing power of Society in consistence with these bye-laws;
- (xii) to fix the maximum credit limit for each member provided that such limit shall not be more than that laid down by the Registrar from time to time;
- (xiii) to contract loans subject to any restriction imposed by the General Body;
- (xiv) to sanction and advance loans to members according to terms and conditions as laid down by the General Body from time to time and to arrange and ensure for timely recovery of loans and interest from the members;
- (xv) to accept deposits on such terms and conditions as laid down by the General Body from time to time and to arrange for the payments of return thereof;

- (xvi) to decide the terms of the purchase and sale of agricultural implements, seeds, manure, household requirements and other requirements connected with agricultural production and to arrange the sale, marketing and storage of agricultural production of its members;
- (xvii) to watch that loans are applied to the approved purpose for which they made;
- (xviii) to assist in the Inspections of the books and Accounts and in audit by any person authorised to do so;
- (xix) to create and appoint, from time to time, in different categories of employees to assist the Society in performance of its duties and discharge of its functions. The qualification and condition of service of Officer and other employees shall be decided as per Human Resources Policy or Service Rule of the Society as approved by the Board of Director;
- (xx) To engage of skilled manpower/consultants on hire basis.
- (xxi) to frame subsidiary rules for the conduct of the business of the Society consistent with the bye-laws like Loan Policy, Deposit Policy, Staff Service Rule etc.
- (xxii) to take disciplinary action or otherwise punish employees in accordance with the Service Rules framed and amended by the Registrar from time to time. An employee aggrieved by the order of the Managing Committee shall have right of appeal within 20 days of the communication of such order to the Registrar or any other officer not below the rank of Assistant Registrar, as may be authorized by him in this behalf by general or special order. The decision in appeal shall be final and binding on the Society and the employee.
- (xxiii) to ask the employees to furnish securities as may be prescribed from time to time by the Registrar and also to arrange their verification and safe custody of the security deeds;
- (xxi) to authorize any member, or officer or employee of the Society or any other person specially authorized, to institute, conduct defend,

compromise, refer to arbitration or abandon legal proceeding by or against the Society or Board or officer or employees concerning the affairs of the Society.

- (xxii) to acquire on behalf of the Society, shares in other/registered Co-operative societies;
- (xxiii) to arrange for the safe custody of books and record, cash equipments, goods and stocks of the Society and to fix specific responsibilities to the employees in this behalf;
- (xxiv) to decide the terms on which farm machinery etc, maintained for common use to be provided to the members for custom/hiring services;
- (xxv) to accept the resignation of the Board member and in case of acceptance to arrange to fill the resultant vacancy through election for the remaining period of its term in accordance with the procedure laid down in the Act, Rules and these bye-laws.
- (xxvi) to invest the surplus funds of the society in accordance with the co-operative societies Act and Rules framed there under;
- (xxvii) to purchase, sell, hire or otherwise acquire or dispose of property on behalf of the society;
- (xxviii) to carry on the business of the Society as decided and entrusted by the General Body of Society.

(18) The Board of Director may constitute the sub-committees such as Village Committee, Finance and Audit Committee, Recruitment/ Selection/ Appointment Committee, Youth/ Women Committee, Business/ Trade Promotion and Entrepreneurship/ Industrialization Committee, Sustainable/community Development Committee, etc, as per the business activities and requirement of the Society and also determine their powers and functions. The fee and allowances to be paid to the members of the committee shall be such as may be determined by the Board. All the decision/resolutions taken in the Sub-committee are suggestive/recommendatory in nature and will only be acted upon after approval in the Board of Director Meeting.

(19) In the conduct of the affairs of the Society, the Board of Director shall exercise the prudence and due diligence and shall be responsible for any loss sustained through acts contrary to the law, the bye-laws and the stated objects of the Society.

(20) All business discussed or decided at a meeting of the Board of Director shall be recorded in a minute book which shall be signed by the President of the meeting, members of the Board present and the CEO within the time frame given in the Act, and Rule.

(21) The services of the Board shall be honorary or gratuitous. The Directors shall be paid such sitting fee, DA or T.A as may be decided upon by the Board but not exceeding to Rs. 100 per day per person and must be approved in the General Body of the Society.

11. PRESIDENT AND HIS POWERS:

(1) The President shall be elected from amongst the members of Board of Director.

(2) The President shall exercise general control and supervision over the administration, business, and functions of the Society on behalf of the Board.

(3) The president shall exercise the powers delegated to him by the Board and may, subject to approval of the Board or in an emergency, delegate any of his powers and duties to the Voce-President or in his absence, to any Director for specified period and may withdraw any powers so delegated.

(4) The President shall have power to call for any record of the Society or any report from CEO to satisfy himself that the affairs of the Society are being managed in accordance with the provisions of the Act, Rule and Bye law.

(5) The President shall not act in contravention of any order given or decision taken by the Board in its meeting.

(6) The President shall represent the cooperative in all other organisations and forums, or approach the Board for the selection of an appropriate Director for the purpose, if she/he is unable to represent the cooperative in any instance.

(7) He shall preside over the meetings of the General Body and the Board of Directors. The President shall exercise his casting vote only when there is an equality of votes.

12. CHIEF EXECUTIVE OFFICER – DUTIES AND RESPONSIBILITIES

(1) The Chief Executive Officer, by whatever name may be called, shall be appointed by the Board of Director to look after day to affairs and administration of the Society as per the Act, Rule and Byelaw. He should possess the necessary educational qualification, experience and training as decided in the Staff Service Rule of Society by the Board of Director.

(2) The Chief Executive Officer shall discharge the following duties and responsibilities;

- a) To convene, as per direction of the Board, General Body and Board of Directors meeting in time;
- b) To remain present in all meetings of Board and General Body and shall produce all relevant papers, document required at such meetings and sign along with the President, the minutes of such meetings;
- c) To record the proceedings in the maintain minute book and make all entries transacted in the meetings;
- d) To receive all money on behalf of the Society and issue receipt;
- e) To make payment and accept receipt of cash according to the direction of the Board;
- f) To maintain and keep all books of accounts and registers in accordance with rules;
- g) To operate Bank Account subject to such conditions as the Board may direct;
- h) To prepare statement of demand, collection balance regarding loans and advances;
- i) To prepare receipts, vouchers etc. for the financial transactions of the Society;

- j) To make all correspondence for the Society and supply necessary information to members;
- k) To maintain control over the subordinate staff of the Society;
- l) To sign cheques and documents along with president in accordance with provisions of the bye law;
- m) To expend money for the Society in accordance with the sanction limit provided by the Board;
- n) To act as per the directions of the Board;
- o) To ensure that the cash balance in the Head Office and Branches are kept in the safe with double lock system;
- p) The records, movable goods for trading, implements, and products are kept under the custody of the CEO or other Officer nominated by the Board of Directors;
- q) To enter into any agreement for the Society with the permission of the Board;
- r) To execute equitable mortgage with the loanees and release it after closing the loans;
- s) To perform/execute any job or assignment as per the direction of the Board.

CHAPTER VI

INTERNAL CONTROL

13. MAINTENANCE OF BOOKS AND ACCOUNTS AND REGISTERS

(1) The following registers and books shall be maintained by the Society:

A) Books related to financial statements

- a) cash book
- b) Bank book
- c) Day book
- d) General ledger
- e) Subsidiary ledger
- f) Share capital ledger
- g) Deposit ledger - SB, FD, RD, Reinvestment Deposits
- h) Borrowing ledger- ST, MT
- i) Member loan ledger - ST,MT, - agriculture and Non farm
- j) Sundry creditor ledger
- k) Furniture, fixture and office equipment register
- l) Land and building register
- m) Depreciation chart register
- n) Stock register
- o) Purchase register
- p) Sales register
- q) Safe deposit locker operation register
- r) Gold loan ledger
- s) Sundry Debtors ledger
- t) Suspense asset ledger
- u) Suspense liability ledger
- v) Dividend register

B) Books not related to Financial Statement

- a) Copy of the Cooperative Act and Rule of the State with up to date amendments incorporated
- b) Copies of the other laws and regulations of the business undertaken by cooperative
- c) Membership register
- d) Up to date register and list of all members with voting right for the current year prepared within 30 days of closure of financial year
- e) Register showing member wise patronage of various services provided by the cooperative
- f) Minute book
- g) Account opened and closed register
- h) Due debt register for maturity of term deposits
- i) Monthly interest payment register
- j) Insurance policy and renewal register
- k) Gold stock register
- l) Register for acknowledgement of debt
- m) Balancing register
- n) Inoperative deposit account register
- o) Borrowing due date register
- p) Investment and maturity register
- q) Pledged stock register
- r) Suits filed register
- s) DCB register
- t) Overdue/NPA register
- u) Copies of the audit report, inquiry report or inspection report and compliance thereon
- v) Members' Land record register
- w) Staff attendance register
- x) Staff service rule

- (2) The books, records and registers of the cooperative shall be kept in the custody of the Chief Executive Officer or such other Officer as the Board may authorize
- (3) The Board shall specify the officer of the Cooperative who shall:
- a) maintain books of accounts;
 - b) Keep custody of cash and stores;
 - c) Keep other books and registers; and
 - d) Prepare returns and financial statement.

Provided that a person charged with keeping of accounts shall not be in charge of cash

- (4) The books and accounts and other records shall be open for perusal by any members of Board of Director during business hours of cooperative.
- (5) Copies of the Act & Rule of the State, the bye law, minute book pertaining to general body meeting, report and compliance thereon of Audit, Inquiry or Inspection, voter list shall be made available to any member during business hours at a fee to be decided by the Board of Directors
- (6) The books of accounts etc in so far as they relate to a member of the Society shall be made available to that member at a fee decided by the Board.
- (7) The Society shall maintain such accounts and other matters connected with accounts in such form and manner as may be directed by the authority competent to do so under the Co-op. Societies Act.
- (8) The Society shall prepare and submit such returns and statements as the concerned authority may require from time to time.

(9) The Society shall use the Common Accounting System as also being implemented through computerization of PACS project, designed by NABARD.

14. AUDIT OF THE COOPERATIVE

(1) The Cooperative shall be audited every year by the Auditor appointed for the purpose by the Government/Department of the State.

(2) The cooperative shall prepare the statement of account required for audit and place the same before the Auditor or Audit firm as the case may be, after signing the Balance sheet and Profit & Loss Account by President and the Chief Executive Officer of the Cooperative within 30 days of the close of each year in order to facilitate complete audit and the concerned Auditor shall complete the audit within 6 months of close of financial year.

(3) The Board of Director or Registrar may appoint an Special Auditor/ internal Auditor based on the turn over or volume of business of the Society. The internal Auditor may be from amongst staff or may be outsourced for regular internal control and monitoring of funds and accounts management of the cooperative.

(4) The Society shall pay such audit fee as may be assessed from time to time by the Authority competent to do so.

CHAPTER VII
CHANGE OF STRUCTURE OF SOCIETY

15. CHANGE OF LIABILITY, TRANSFER OF ASSETS AND LIABILITIES, DIVISION, AMALGAMATION:

(1) The Society may, by a resolution in its General Body,

- a) Decide to amend its by-laws to change the form or the extent of its liability;
- b) Decide to transfer its assets and liabilities, in whole or in part, to any other cooperative society which agrees to such transfer by a resolution of its General Body;
- c) Divide itself into two or more cooperative societies.
- d) Merge itself with other similar cooperative society.

(2) Any two or more cooperative societies may, by a resolution of their respective general bodies, decide to amalgamate themselves and form a new cooperative society.

(3) Every resolution of the Society shall be passed at its General Meeting by 2/3rd of members present and voted for and such resolution shall contain all particulars of the liability, transfer, division, and amalgamation as the case may be.

(4) The Society shall give notice in writing together with a copy of the resolution to all its members and federations to which it is affiliated, and creditors who may give their consent. Notwithstanding any by-law or contract to the contrary, any member, federation, or creditor not consenting to the resolution shall, during a period of one month from the date of service of the notice have the option of withdrawing their shares, deposits, loans or services as the case may be.

(5) Any member, federation, or creditor who or which does not exercise within the specified period the right under the Act shall be deemed to have consented to the resolution.

(6) A resolution passed by the Society shall not take effect until,

- a) (i) The members, federations, and creditors have consented or are deemed to have consented to the resolution under the Act and Rule or
- (ii) All claims of the members, federations, and creditors who have exercised the option referred to under the Act or Rule within the period specified therein have been met in full or otherwise satisfied; and
- b) (i) In the case of change of liability, amendment of the by-laws of the cooperative society concerned is registered or is deemed to have been registered; or
- (ii) In the case of division or amalgamation, certificate of registration of the cooperative society or societies is issued by the Registrar of Cooperative Societies.

(7) When a resolution passed by a cooperative society takes effect the resolution shall be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

(8) The registration of a cooperative society shall stand cancelled and the cooperative society shall be deemed to have been dissolved and shall cease to exist as a corporate body:

- a) When the whole of the assets and liabilities of such cooperative society are transferred to another cooperative society; or
- b) When such cooperative society divides itself into two or more cooperative societies.

(9) Where two or more cooperative societies are amalgamated to form a new cooperative society, the registration of the cooperative societies so amalgamated shall stand cancelled and they shall be deemed to have been dissolved and shall cease to exist as corporate bodies.

16. PROMOTION OF SUBSIDIARY ORGANISATION:

- (1) The Society may, by a resolution passed at General Body Meeting by a majority of members present and voting, promote subsidiary organisations such as FPO with 100%

funding from Society for the furtherance of its stated objectives, and such organisations may be registered under any law for the time being in force, as agreed to by the General Body.

- (2) The Society, may invest, by way of 100% subscription in the aggregate paid-up share capital and reserves in the Subsidiary organization.
- (3) Any subsidiary organisation created shall exist for only as long as the General Body of the Society deems its existence necessary.
- (4) The Subsidiary Organisation can be dissolved or liquidated by following ways:
 - a. After approval of 2/3rd members voting in its favour with at least 50% members present in the General Body, or
 - b. Direction of Registrar for the winding up of the Subsidiary Organisation for the better interest of the members or public at large.
- (5) The annual reports and accounts of any such subsidiary organisation shall be placed before the General Meeting of the promoting cooperative society every year.
- (6) Every Society shall maintain a register containing particulars of all the investments, showing the names of the society/ companies in which shares have been acquired, number and value of shares; the date of acquisition; and the manner and price at which any of the shares have been subsequently disposed of.
- (7) The register referred to in sub-section (5) shall be kept at the registered office of the society and the same shall be open to inspection by any Member who may take extracts there from.

CHAPTER VIII
DISPUTE OF SOCIETY

17. DISPUTE SETTLEMENT PROCEDURE

Any dispute touching the constitution, business and management of the Society arising between the members, past members and deceased members of the Society or other persons shall be settled in accordance with the relevant provisions of the Co-operative Societies Act, and the Rules framed there-under and shall be disposed of in the manner prescribed under such Act, and the Rules.

CHAPTER IX
LIQUIDATION OF SOCIETY

18. LIQUIDATION

- (1) The cooperative may be dissolved or liquidated in accordance with the provisions of the Act.
- (2) In the event of dissolution of the cooperative, any funds remaining after fulfillment of all external liabilities shall be disbursed in proportion to the share amount of such members as are not defaulters on the date that settlement of member amounts is taken up.
- (3) Any amount that cannot be thus shared with members for whatsoever reason, shall be given as a donation to another organization with similar objectives, with the approval of the General Body.

CHAPTER X
MISCELLANEOUS

19. MISCELLANEOUS

- (1) If the Society is indebted to a Co-operative Central Financing institution, it shall be competent for representative of the latter to inspect the books and the record of the Society and the Board of the Society shall arrange the production of the books and record before such representatives.

- (2) Should any doubt arise with regards to the interpretation of any of the bye-laws, the matter shall be referred to the Registrar whose decision shall be final in accordance with the Act and Rule.

- (3) In case of any conflict or inconsistency between the Act & Rule and Bye Law of this Society, the provisions of the Act & Rule shall have overriding effect.