

THE BY-LAWS  
OF  
The Bose Co-operative  
Thrift and Credit Society Ltd.  
Chavengam

Assistant Registrar,  
Co-operative Societies, Un-  
ditch (exercising the  
Registrar, Coopera-  
tive Societies, Chandigarh

Mehar  
3/1/58

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.....Chavengam in Tehsil.....UT.....Chavengam.....  
District.....Chavengam.....

3. The area of operation of the society shall extend over  
.....U.T. and its village.....

OBJECTS.

4. The objects of the society shall be :—

- (i) to encourage thrift and saving among its members by accepting deposits and offering other suitable facilities ;
- (ii) to provide credit facilities to its members on as convenient and easy terms as practicable and to raise funds for the purpose ;
- (iii) to arrange for the purchase and sale of house hold requirements of members;
- (iv) to undertake measures to spread knowledge of co-operative 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 by-law 6, any individual shall be eligible for admission as a member of the society, if he is :—

- (i) over 18 years in age and of sound mind ;

- (ii) ordinarily resident in the area of operation of the society ; and
- (iii) of good character.

6. No individual shall be eligible for admission as a member of the society, if :—

- (i) he has applied for bankruptcy,

Or,

- (ii) he has been declared as an insolvent,

Or

- (iii) he has been sentenced for any offence involving dishonesty or moral turpitude within 5 years preceding the date of his admission as a member,

Or,

- (iv) he is already a member of another primary co-operative credit society, excepting a Land Mortgage Bank.

7. Applications for admission as members 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 person 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 the appellant.

8. No member shall be admitted during 15 days preceding 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 Re. 5/-.

- 10. (i) Every member of the society shall nominate a person or persons to whom his share or interest or 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 person, he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in terms of whole shares 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) an 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 misapplying 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 Thrift and Credit Society.

(b) No member shall be expelled except by a resolution passed by two-third majority in the general meeting

at which not less than half the members are present and vote. 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 atleast one share ;
- (iii) withdrawal after six 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 unpaid debt ; and provided further that the share/shares held by the member are disposed of in accordance with these by-laws ;
- (iv) permanent insanity ;
- (v) declaration of bankruptcy

#### LIABILITY.

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

#### F U N D S .

16. The society may raise funds by :—

- (i) issuing of shares of the value of Rs. 50/-each ;
- (ii) acceptance of deposits from members ;
- (iii) raising of deposits and loans from non-members ;
- (iv) accumulation of profits.

17. (i) Each member shall take atleast one share of the value of Rs. 50/-. At the time of admission, each member shall pay Rs. 20/- towards the value of the share and the rest shall be paid in three equal six monthly instalments.

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



No member shall hold shares of which the nominal value is Rs. 5,000/- or 1/5th of the total share capital actually subscribed, 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 the society and to hold the proceeds at his disposal.

19. If the payment due on account of shares remains unpaid, for more than 3 months, the managing committee may declare such shares forfeited together with all payments made thereon and the rights of membership attaching to those shares shall thereupon be extinguished. The committee may allow such shares 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 Secretary of the society under the directions of the Managing Committee. A general meeting shall also be convened, if the requisition for 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, the 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 own motion, at any time, summon a 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 any one or more of the modes :—

- (i) Affixing a copy of the notice at the society's office or at some conspicuous place in the area of operation of the society.
- (ii) By circulation of the notice book and general signatures of members on it.
- (iii) By post.
- (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 time fixed for a 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 to all members. The business at the subsequent general meeting may be transacted with the number of members present.

24. 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.

25. Every member of the General Body shall have one vote. Voting by proxies shall not be allowed at the General Body. Unless otherwise provided in these by-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 in 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-law, 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 byelaws, subject to the approval of the Registrar;

→ (v) fixation of maximum credit limit for each member provided that such limit shall not be more than that laid down in Registrar's instructions;

(vi) amendment of byelaws ;

(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 a member of the Managing Committee of the Society if he—

(a) is below 21 year of age ; or

(b) is a paid employee of the society or the financing bank ; 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 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 any honorarium ; or

(h) is interested directly or indirectly in 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 one year and shall be eligible for re-election, provided that if for any reason, a general meeting is not held within the year, the existing Committee shall continue to hold office till the election of a new Committee, but such election shall ordinarily be held within eighteen months after the election of the previous Committee.

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

- (i) ceases to be 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 receives 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 the society for a period exceeding six months from the date on which the payment fell due ; or
- (viii) becomes a paid employee of the society or of the financing bank ; or
- (ix) acquires an interest directly or indirectly in any contract with the society or in any sale or purchase made by the society privately or in auction;
- (x) defaults in the payment of any share instalment;
- (xi) 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 members 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 byelaws, 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 byelaws. In particular, the Managing committee shall have the following powers and duties :—

- (i) to observe in all their transactions, the Act, the notified rules and the byelaws ;
- (ii) to maintain true and accurate accounts of all money received and expended and all stock bought and sold ;
- (iii) to keep a true account of the assets 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 accounts, sanction contingent expenditure and supervise the maintenance of the prescribed registers ;
- (vii) to consider the Inspection notes of Registrar or his staff and audit notes of Chief Auditor or his staff and to take necessary action ;
- (viii) to elect new members, to issue new 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 meetings in accordance with these byelaws ;
- (xi) to contract loans subject to any restrictions imposed by the general body or by the Registrar ;
- (xii) to decide the terms on and the 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 on, 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 terms of purchase and sale of household requirements of members. All the sales shall be on cash terms. Sales shall be confined to members only except in the case of a surplus not required for the use of members or except when the society is appointed as an agent or is given a depot by Government.
- (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 the society ;
- (xix) to acquire on behalf of the society shares in other registered Co-operative societies ;
- (xx) to arrange for the safe custody of books and to 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 byelaws ;
- (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 hand over the money thus received to the treasurer immediately on his return ;
- (xxii) to accept or reject the resignation from the Committee member and in case of acceptance, to co-opt 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, endorse, assign, negotiate or otherwise deal with the securities of the Central Government or State Government or other securities specified in section 20 of the Indian Trust Act, 1882, in the name of the society and to authorize in this behalf any Central Co-operative Bank or the Punjab State Co-operative Bank Ltd. Jullundur or with the previous approval of the Registrar, office bearer/bearers of the society and to arrange for the safe custody of the securities owned or pledged 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 consider 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 law, the bye-laws and the stated objects of the society.

40. All business discussed or decided at a meeting of the Managing or Executive Committee shall be recorded in a proceedings 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 follows :—

(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 meetings ;
- (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 disbursements in accordance with the directions of the Committee. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the President, Committee or auditor or any officer of the Co-operative Department.

### REGISTERS.

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

- (i) A register of members.
- (ii) Cash book.
- (iii) Ledger account for each member, depositor, creditor, miscellaneous and contingent income and expenditure and the purchase and sale of any goods etc.
- (iv) Kisbandi.
- (v) Proceedings book.



- (vi) Share list or register of shares.
- (vii) A register of sureties.
- (viii) A register showing maximum credit limit of each member.
- (ix) A stock register.
- (x) Cash memos with duplicate copies.
- (xi) Any other register prescribed by the Registrar or required by society for its business.
- (xii) A pass book for each member and depositor.
- (xiii) A register of Bonds
- (xiv) A register for the confirmations of accounts.

45. The books of the society shall be open to inspection to any one 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 supplied free of demand to any member.

#### LOANS.

46. Applications for loans and/or cash credit shall be made to the secretary. The applications shall among other matters, contain particulars of the purpose or purposes 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 credit shall be given only to members. No person shall claim a loans or cash credit as a matter of right. Loans and cash credits 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 purposes. 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 as 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 the prior approval of the Registrar fix a penal rate of interest to be charged in respect of loans in whose repayment there is a default.



## DISTRIBUTION OF PROFITS.

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

- (i) Atleast 10 percent shall be carried to the Reserve Fund ;
- (ii) Such proportion, not exceeding 5 per cent of the net profits, as may be specified by the Registrar, shall be carried to the Co-operative Education Fund to be administered in accordance with the instructions from the Registrar issued from time to time.
- (iii) The remainder may be utilised for one or more of the following purposes :—
  - (a) distribution of dividend amongst members at a rate not exceeding 10 per cent 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 from or to the society ;
  - (c) a sum not exceeding 9 per cent of the net profits may be spent on any charitable purpose as defined in Section 2 of the Charitable Endowment 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 a 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 these 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-thirds 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 periods;
- (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 grounds.

60. If the society is indebted to a co-operative 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 and 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 of 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 execution 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 any the rules.

66. The society shall maintain such accounts and other record 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 an Act and the Rules framed thereunder.

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

SPECIMEN

We the following members who have  
 been authorised by the General Body meeting  
 on 26/1/27 in their bye-laws that  
 we have signed, passed and under-  
 stand these bye-laws and assumed that we shall  
 not disobey these bye-laws

*[Signature]*