

John F. Rogers Bar
Co-operative Societies, Union Territory,
THE BYE-LAWS Powers
of the Registrar, Co-operative Societies,
U.T. Chandigarh.

**Primary Co-operative Consumers'
Stores Ltd.**

0. INTRODUCTION

0.1 Whereas there do not exist adequate arrangements to ensure equitable distribution of Consumers' goods at fair prices in CHANDIGARH (area) it has been decided to organise a Consumers' Store on Co-operative basis.

0.2 The Store's working will be governed by the following bye-laws which have been framed in accordance with the provisions of Rule 9 of the Punjab Co-operative Societies Rules, 1962 and these bye-laws came into force on 23.8.1998 having been registered under section 3(1) of the Punjab Co-operative Societies Act, 1961 (Punjab Act XXV of 1961). No amendment of these bye-laws shall be valid unless such amendment is registered under section 10(2) of the Act.

1. NAME, ADDRESS AND AREA OF OPERATION

1.1 The name of the Store shall be THE CHANDIGARH Co-operative Consumers' Stores Ltd. It shall be referred to hereinafter as the Stores.

1.2 The registered address of the Stores shall be S.C.O. 175-76 (BASEMENT) SECTOR 17C CHANDIGARH.

Any change in the registered address of the Stores shall be notified by its management to the Registrar of Co-operative Societies, Punjab, within 30 days thereof.

1.3 The area of operation of the Stores will be confined to U.T. CHANDIGARH.

Provided that the area of operation may be extended from time to time to a part or whole of the District under such conditions, for such purposes and for such period, as may be prescribed by the registering authority.

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1.4 Adequate number of Branches, Sale Depots etc. may be opened to meet the convenience of business of the Stores and the consumer members in accordance with the resolution of the Managing Committee and subject to the approval of the registering authority.

2. OBJECTS AND ACTIVITIES

2.1 The objects of the Stores shall be to ensure equitable distribution of consumer goods and services at fair prices to ultimate consumers.

2.2 In order to achieve the objects specified above, the Stores may :

- (i) sell to its members as well as to other consumers all articles of consumption, bought or manufactured by it, either by itself or in combination with other Societies;
- (ii) organise or undertake the purchase, procurement or manufacture and storing of raw materials and consumers commodities and transporting and supplying them;
- (iii) establish trade connections, purchasing centres and depots for the requirements of the Stores;
- (iv) undertake processing and manufacturing activities as and when possible and without adversely affecting the interests of other Co-operative Societies doing similar business;
- (v) provide for repairs and other services in respect of articles sold by the Stores.
- (vi) undertake import of consumers' goods;
- (vii) act as agents of Government and other manufacturing concerns for the sale of their produce;
- (viii) own or acquire land, buildings, business premises, machinery, fixture, vehicles and, other equipment or to take them on lease or rent for the business of the stores;
- (ix) establish and run branches;
- (x) open a cafeteria or a canteen or to provide other consumer services;
- (xi) constitute local advisory bodies for the branches;

- (xii) encourage thrift, self help, and co-operation among its members and to do such other things as are incidental or conducive to the attainment of all or any of the above objects.

3. MEMBERSHIP, CLASSES, QUALIFICATIONS AND PROCEDURE FOR ADMISSION

3.1 The membership of the Stores may consist of the following classes of persons :-

- (a) Individual consumers ordinarily employees of Rendel & U.T. Sannidhary
- (b) Corporate bodies or Associations of Consumers e.g. Schools, Colleges, Hostels, Clubs, Canteens etc.;
- (c) The employers (the term Employers here means the Employers whose employees comprise the membership of the Store)
- (d) State Government.

3.2 Any person over 18 years of age and who is competent to contract and residing within the area of operation of the Stores shall be eligible for admission as a member.

3.3 No person shall be eligible for admission as a member of the Stores if he has applied to be adjudicated as an insolvent or is an undischarged insolvent or has been sentenced for any offence other than an offence of a political character or any offence not involving moral turpitude such sentence not having been reserved or such offence not having been pardoned provided that the disqualification shall not apply where more than five years have elapsed from the date of expiration of such sentence.

3.4 A person shall be deemed to have been admitted as a member after the following conditions are fulfilled :-

- (a) his written application is approved by the majority of the Managing Committee; and
- (b) he has paid an entrance fee of Rs. 10/-, provided that the State Government shall not be required to pay any admission fee; and
- (c) he has subscribed and paid in full for at least one share or paid such instalment towards it as may be laid down by the Managing Committee.

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3.5 Notwithstanding anything contained in any other by-law, the merchants, traders, commission agents and other such persons from whom the Stores may have to make purchases may be admitted as "nominals" members provided that such nominal members shall not be eligible to vote to otherwise participate in the affairs of the Store, provided further that such members shall not be obliged to purchase any shares not shall they be entitled to any share in the assets or profits of the Stores.

3.6 Every member shall submit an application in writing alongwith declaration or other information as may be prescribed by the Managing Committee and shall apply for one or more shares as is necessary and permissible under these by-laws.

3.7 Application for admission shall be disposed of by the Managing Committee and decision thereof shall be communicated in writing to the person concerned under postal certificate or per registered letter within one month of the receipt of the application. Any person who has been refused admission or has not been communicated any decision within the period specified above, shall have the right to appeal to the Registrar under Section 68 of the Punjab Co-operative Societies Act, 1961.

3.8 Every individual member, on admission, shall sign or make his thumb mark in the register of members or on a form laid down for the purpose.

3.9 No person shall be admitted as member within 30 days prior to the date of the annual or any other general meeting.

4. NOMINATION OF HEIR AND INHERITANCE

4.1 Every member of the Stores may nominate a person to whom his share of 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 provided that such nominee is duly qualified for membership, Such nomination may, from time to time, be revoked or modified.

4.2 The number of persons who may be nominated by the member as heirs shall not exceed the number of shares held by him. When a member nominates a more than one person, he shall specify the amount to be paid or transferred to each nominee.

4.3 The value of share or interest payable or transferrable to

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

4.4 No fees will be charged for recording the first nomination. However, a fee of Rs. 10/-, will be charged for any subsequent revocations or variations of such nominations.

4.5 The record of nomination shall be kept by the stores in such manner as may be laid down by the Registrar.

4.6 On the death of a member, all accounts standing to his credit by way of share, dividends etc. shall be subject, to the deduction on account of his liabilities, paid within one year from the date of his death to his heir nominated by him or in the absence of such nomination to such person as may appear to the Managing Committee to be entitled to receive the amount as heir or legal representative of the deceased member on his executing a deed or indemnity to the Stores provided that the deposits to the credit of the deceased member shall not be so paid, until the period of deposits, if any, has expired.

5. MEMBERSHIP WITHDRAWAL FROM AND TERMINATION OF

5.1 No member shall be permitted to withdraw any of the shares held by him in the Stores within one year from the date of allotment. A member may be permitted to withdraw the shares with the consent of the Managing Committee after such a period provided :-

- (i) that he has given three months' notice of withdrawal and his resignation as a member is duly accepted by the Managing Committee.
- (ii) that the total amount of the share capital permitted to be withdrawn in that year shall not exceed 10 percent of the aggregate paid up share capital of the Store excluding Government contributions as it was on the 30th June preceeding;
- (iii) that he has settled his dues in his individual capacity as well as in his capacity as surety;
- (iv) that all withdrawals shall be subject to provisions contained in the Punjab Co-operative Societies Act 1961 and the Rules made thereunder.

5.2 When a member withdraws or his resignation is

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sanctioned he shall within six months of the date of his notice of withdrawal, be entitled to a refund of all fully paid up shares held by him but he shall not be entitled to any part of the reserve fund or any part of a share not yet fully paid.

5.3 The restrictions contained above shall not apply to any transfer made by the Stores of its share or interest to Government and it shall be open for Government to withdraw from the Stores the share capital at any time after giving to the Stores notice thereof not less than 3 months.

5.4 Subject to the conditions mentioned in para 5.1 above, a member may withdraw from the Stores after giving notice to the Manager/Secretary or the President of the Stores in writing, under registered cover A/D, provided that the member withdrawing is not indebted to the Stores and is not a surety for any unpaid amount, if he is so indebted or is such a surety has discharged his obligations in this respect before decision on his application is taken.

5.5 In the light of the conditions laid down in para 5.1 above the notice by a member for withdrawal from the Stores shall be disposed of by the Managing Committee and the decision thereof shall be communicated to the member concerned within a period of 90 days of the receipt of such notice. In the case of refusal to allow withdrawal from membership, the Committee shall assign reasons and the member concerned shall have the right to appeal against the decision of the Committee within 60 days of its communication, to the Registrar whose decision in the matter shall be final and binding on the Stores and the appellant.

5.6 A member shall cease to be as such in one or more of the following circumstances :-

- (i) death;
- (ii) permanent insanity;
- (iii) declaration of insolvency; and
- (iv) ceasing to hold at least one share.

5.7 The membership of an individual share holder may be terminated by the Managing Committee if he ceases to reside permanently in the area of operation of the Stores, provided such termination shall be regulated by provisions under para 6.2.

5.8 In the case of a co-operative society, the membership shall terminate on the cancellation of its registration.

6. EXPULSION FROM MEMBERSHIP

6.1 A member of the Stores may be expelled by the Managing Committee, subject to the confirmation of the General Body, if he :-

- (i) is convicted for a criminal offence involving dishonesty or moral turpitude, or
- (ii) applies for insolvency ; or
- (iii) becomes a trader in the relevant commodity on his own account ; or
- (iv) acts in a manner contrary to the stated objects and prejudicial to the interests of the stores.

6.2 No member shall be deemed to have been expelled unless a resolution to this effect is passed by 2/3rd majority of members present in a General Meeting of the Stores. The decision of the General Meeting together with reasons for expulsion shall be communicated by the Stores under registered A/D cover to the member concerned. The expelled member shall have a right to appeal to the Assistant Registrar, with in whose jurisdiction the Store is situated, against the decision of the General Meeting, with in 60 days of the date of communication of such decision to him. Such an appeal shall be preferred in writing together with a copy of the order appealed against. The order of the Assistant Registrar on such appeal shall be final and binding on the Stores and the appellant.

7. RAISING OF FUNDS

7.1 The Stores may raise funds by-

- (i) issuing shares ;
- (ii) accepting deposits from members and non members including trade or purchase deposits ;
- (iii) accepting grants, subsidies or other financial assistance from the Government or any other institutions or individuals ;
- (iv) raising loans from Co operative Banks, State Bank

of India, or Government or from any other source approved by the Registrar.

8. SHARE CAPITALS, COMPOSITION, FORFEITURE, TRANSFER AND RETIREMENT

8.1 The authorised share capital of the Stores shall be Rs. ~~1200 = 00~~ of which not less than Rs. ~~120 = 00~~ shall be received for individual shareholders. The total authorised share capital may be raised with the specific permission of the registering authority obtained from time to time.

8.2 The face value of each share shall be Rs. 10.00. The value of shares shall be paid in lumpsum on allotment or in such instalments as may be fixed by the Managing committee.

8.3 Application for share shall be made in writing and shall be disposed off by the Managing Committee,

8.4 If a member fails to pay any instalment due on his share or shares within 60 days of the date fixed for such payment the share or shares in respect of which default has been made may be forfeited at the discretion of the Managing Committee and on such forfeiture they shall become the property of Store, provided that before such forfeiture is made 15 days written notice is given to the member concerned for paying the amount due from him and that such payment is not received from him within that period. Such shares shall be continued in the name of the defaulter on payment of the overdue instalment or instalment within two months with penal interest calculated at 12 per cent.

8.5 Dividend shall not be paid on shares at more than six per cent per annum.

8.6 Share certificate bearing a distinctive number shall be issued for every share subscribed.

8.7 Transfer of share and nomination of nominees' refund, shall be governed by provisions under Section 20 and 21 of the Punjab Co-opertive Societies Act, 1961, and Rules made thereunder.

8.8 During the period of one year from the date of registration of the Stores no share or shares, held by a member, shall be transferred to another member. But the shares held by a deceased member may be transferred to his heir or legal representatives provided he is duly admitted as a member of the

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stores in accordance with the bye-laws.

3.9 A member may transfer his share or shares after holding them for not less than two years to another member with the approval of the Managing Committee. No transfer shall be completed until the name of the transferee has been entered in the share transfer register and a fee of Rs. 10/- per share has been paid.

3.10 The Shares held by the State Government shall be retired in such manner and during such period as may be prescribed by the State Government.

9. GENERAL BODY-CONSTITUTION PROCEDURE FOR ITS MEETING

9.1 Read with para 3.1 of these bye-laws, the general Body shall consist of :-

- (i) Individual shareholders ;
- (ii) One representative each of the member societies or organisations falling under category B and C;
- (iii) representatives of State Government, if and when nominated by Government.

9.2 The general Body of the Stores shall meet at least once in a year within three months from the close of the Co-operative year. Such meeting of the General Body shall be summoned under the directions of the Managing Committee by the Manager or any other officer of the Stores.

9.3 The General body of the Store shall meet at least once a year. The general meeting of the Store may be called from time to time by the Committee or by an officer of the Store under the directions of the Committee.

A general meeting of the Store shall be called by the Committee on the receipt of a requisition in such a meeting from one-fifth of the total number of members. If on receipt of the requisition the committee fails within a reasonable time to call the general meeting the signatories to the requisition refer the matter to the Registrar who may, if he thinks fit, summon the general meeting.

9.4 The Registrar may, suo moto, at any time, summon the

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general meeting of the Stores and lay down agenda for the meeting.

9.5 At least 15 days clear notice specifying the date, place, time and agenda of the general meeting shall be given to all the members except that when a meeting is called in response to a requisition, only the minimum required notice shall be given. The notice of the general meeting shall be given in the following modes :-

- (i) by sending the notice to all the members by post
- (ii) by affixing a copy of the notice for the meeting at all the branches in the area of operation of the Stores and at the Central Office and the registered address of the Stores.

9.6 The quorum for the general meeting shall be 1/4th of the total numbers of members of 500 whichever is less, If, within one hour of the time fixed for the general meeting, there is no quorum, the Chairman of the meeting shall if the meeting has been called on the requisition of the members, adjourn it, and no requisition for summoning another general meeting, shall be entertained within a period of 6 months of the date of adjournment. If the general meeting is convened otherwise than of requisition, the Chairman shall postpone the meeting to some other date. A fresh notice for the subsequent general meeting shall be given to all the members. If at the reconvened meeting also there is no quorum within one hour of the time fixed for the meeting, the members present shall constitute the quorum.

9.7 The President, or in his absence, the Vice President shall preside over meeting of the General Body. If both of them are absent, the members present shall elect a Chairman for the meeting.

9.8 Every member of the General Body shall have only one vote Voting by proxies shall not be allowed at the meeting of the general body provided that a member Co-operative Society may appoint one of its members to vote on its behalf in the meeting of the General Body. Such representation shall be authorised by a resolution of the Managing Committee of the member society.

9.9 Minutes of the general meeting shall be recorded in a proceedings book which shall be signed by the Chairman of the meeting and all the Committee members present.

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10. GENERAL BODY-POWERS AND DUTIES

10.1 Subject to the provisions of the Punjab Co-operative Societies Act 1961 and the Rules made thereunder and subject to a specific delegation of powers to the Managing Committee under these by-laws or delegation of other powers by a specific resolution of the General Meeting, the Supreme Authority of the Stores shall vest in the General Meeting, as envisaged in Section 23 of the Punjab Co-operative Societies Act 1961.

10.2 The General Body shall not interfere with the actions either of the Managing Committee or its Sub-Committees or any actions of the Officers of the Stores performed in exercise of the powers conferred on them under the by-laws or in pursuance of the powers delegated to them by the General Meeting. In particulars, the General Body shall have the following powers and duties :-

- (i) approval of the programme of the activities of the Stores prepared by the Managing Committee for the ensuing year;
- (ii) suspension and removal of the elected members of the Managing Committee;
- (iii) expulsion of members;
- (iv) consideration of the audit report, annual report, inspection notes and annual balance sheet along with comments of the Managing Committee;
- (v) disposal of net profits;
- (vi) fixation of the maximum credit limit of the Stores subject to the approval of the Registrar;
- (vii) amendment of by-laws.

10.3 All the above powers except those listed under item (ii) above shall be exercised by the General Body only after the matter had been considered and reported upon by the Managing Committee.

11. CONSTITUTION OF THE MANAGING COMMITTEE

11.1 Read with para 3.1 of these bye-laws, the Managing Committee of the Stores shall be constituted as follows :-

- (i) Nine members elected by the General body;

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- (ii) Representatives of State Government if and when nominated by Government upto 1/3rd of the total members of the Managing Committee subject to a maximum of three,

12. The Managing Committee shall be considered to have been constituted and authorised to function if there is a sufficient number of members to form quorum as required under the Bye-laws.

MANAGING COMMITTEE -DISQUALIFICATIONS FOR MEMBERSHIP

12.1 No person shall be eligible for election as a member of the Committee, if :-

- (i) he is below 21 years of age, or
- (ii) his total purchases from the Stores during the preceding co-operative years were less than worth Rs. 300.00; or
- (iii) he is a paid employee of the Stores, or of the member Society; or
- (iv) he is convicted of any offence involving dishonesty or moral turpitude during the last 5 years; or
- (v) he is adjudicated insolvent or applies for insolvency ; or
- (vi) he is of unsound mind ; or
- (vii) he is a defaulter, for a period exceeding three months in respect of any amount due from him to the stores ; or
- (viii) he is a representative of a member society which has been classified 'D' at the last audit, or which has been brought under winding up orders ; or
- (ix) he is a representative of a Society or organisation under category 'B' which purchased goods below the value of Rs. 2000.00 from the Stores during the preceding Co-operative year ; or
- (x) he ceases to hold the minimum shares as required under the bye-laws or incurs disqualifications to continue as a member ; or
- (ix) he is related to any paid employee of the Stores.

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

- (i) cease to be a share holder of the Stores ; or
- (ii) becomes a paid employee or draws any honorarium or any allowance (except T.A. and D.A.) by whatever name called or receives any commission from the Stores or a member Society ; or
- (iii) is convicted of any offence involving dishonesty or moral turpitude ; or
- (iv) is adjudged insolvent or applies for insolvency ; or
- (v) becomes of unsound mind ; or
- (vi) becomes a defaulter for a period exceeding three months, in respect of any amount due from him to the Stores ; or
- (vii) ceases to be a member of the society he represents ; or
- (viii) becomes a relative of a paid employee of the Stores.

12.3 A member of the Managing Committee of the Stores shall cease to hold office as such member, if at any time during his holding of such office he incurs any of the disqualifications mentioned above. On any member incurring such disqualifications or such fact being brought to the notice of the Managing Committee, the Managing Committee shall issue a 15 days' written notice to the said member and unless the allegation of his having incurred any disqualification is proved to be incorrect remove him from the Managing Committee.

13. MANAGING COMMITTEE-ELECTION, APPOINTMENT, TENURE ETC.

13.1 The election of the Managing Committee shall be conducted in such a manner as may be laid down in the Act the Rules and the instructions issued by the Registrar in this behalf from time to time.

13.2 Any member of the Managing Committee may, at any time, resign his office by sending a letter of his resignation to the Manager of the Stores but such resignation shall take effect only from the date on which it is accepted by the Managing Committee.

13.3. The Term of Managing Committee shall be One year One year

14. MEETING OF MANAGING COMMITTEE

14.1 The Managing Committee shall meet at least once a month. Such meeting shall be summoned by the President or the Manager of the Stores, if so directed by the President or the Managing Committee.

14.2 Any three or 1/3rd of the members of the committee whichever is less may in writing, request the President of the Store to summon a special meeting of the Committee and may purpose items which shall be considered in such meeting. On receipt of such a requisition, the President shall convene a meeting of the Committee. If within seven days of the receipt of the requisition the President fails to summon the meeting, the Registrar on the application of the signatories of the requisition may summon a meeting of the Committee after giving a due notice to all the members as may be required under rules or these bye laws.

14.3 The meeting of the Managing Committee may also be summoned by the Registrar himself or at his direction by the Manager. The Registrar may be also lay down the agenda for such a meeting or for any meeting summoned under bye-laws 14.1 or 14.2.

14.4 The President or Vice President in the absence of the President, shall preside over the meeting of the Managing Committee. If both of them are absent, the members present shall elect a Chairman for the meeting.

14.5 All questions shall be decided by a majority of votes. If the votes are equal, the Chairman of the meeting shall have an additional casting vote. No member of the Committee shall be present at a meeting and shall vote when any matter in which he is personally interested is discussed.

14.6 Minutes of the meeting of the Managing Committee shall be recorded in the Proceeding Book by the Manager, Secretary and shall be signed by all the members who attend the meeting.

14.7 At least seven days, clear notice specifying the date, place, time and agenda of the meeting shall be given to all the members of the Managing Committee. The notice shall be given by sending it to all the members, by post under certificate of posting provided that in the case of emergent meeting, 3 days, notice shall be permissible. In the latter case, it shall be ensured by the Secretary/Manager and if, there is no such officer by the President that the notice in time by all the members.

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14.8 The order of business at all meetings of the Managing Committee shall be as follows:-

- (i) Roll call of Committee Members;
- (ii) Confirmation of the proceedings of the last meeting;
- (iii) Report about action taken on the decisions taken in the previous meeting;
- (iv) Disposal of application for membership, if any;
- (v) Report of Sub-Committee, if any;
- (vi) Manager's report;
- (vii) Monthly financial statements;
- (viii) Unfinished business left from the previous meeting;
- (ix) New business;
- (x) Adjournment.

14.9 The quorum for the meeting of the Managing Committee shall be 1/3rd of the total number of members of the Managing Committee or five whichever is less.

15. POWERS, FUNCTIONS AND OBLIGATION OF THE MANAGING COMMITTEE

15.1 The Managing Committee shall exercise all the powers and perform all the duties except such powers and duties as have the following under the bye-law for the General Body.

15.2 In particular and without detriment to the generality of the foregoing procedure, the Managing Committee shall have the following powers, functions and obligation:-

A. POWERS AND FUNCTIONS

- (i) to consider application for membership and to allot shares and to deal with all matters relating thereto including nominations, assignments, transfer of shares, resignations, etc;
- (ii) to accept or reject the resignation of the members of the Managing Committee and in case of acceptance to co-opt. another member till the date of next Annual General Meeting.
- (iii) to appoint one of the members of the Committee to take charge of all money belonging to the society in

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- the absence of the treasurer and to direct such person to hand over all money, belonging to the Stores to the treasurer on his return to duty;
- (iv) to expel members in pursuance of the provision of the by-laws subject to the confirmation of the General Body;
 - (v) to elect President or more Vice-President;
 - (vi) to direct Manager or any other officer of the Stores to summon meetings of the General Body and the Managing Committee;
 - (vii) to determine the qualifications and the strength of the technical and non technical staff for employment in the stores and also to determine their scale of pay, commission, other allowances etc. subject to any conditions which may be laid down by the Registrar from time to time, through a general or special order;
 - (viii) to appoint, suspend, punish or dismiss salaried all servants of the stores subject to provisions contained in by-laws 15.4 and 15.5;
 - (ix) to make rules regarding the working and service conditions of the paid employees, subject to the approval of the Registrar;
 - (x) to take security from such members of the staff and in such from and for such amounts as the registering authority may be general or special orders direct or with such variations as the Committee may make with the prior approval of the registering authority.
 - (xi) to frame and amend rules with the approval for the registering authority for regulation of provident fund for the employees of the stores;
 - (xii) to raise funds necessary for the purpose of carrying out of the functions of the Stores in the form of deposits and loans on such terms and conditions as it may be determine and subject to rule and by-laws made thereunder;
 - (xiii) to examine the stock register, to weigh or measure as soon as received and sanction the purchase of the stock as may be required, to check up the quality of articles in the shop, to increase or reduce the selling price where necessary, to satisfy itself that all

goods in the shop are bought at proper rates in accordance with the general policy of the Stores, to check whether any articles in the stock are deteriorating in quality and to reduce the price accordingly and to approve orders for fresh stock that may be required and to arrange for disposal of stock that has remained unsold for a very long time;

- (xiv) to construct, purchase, take or hire or otherwise acquire godowns, vehicles, equipments or other structures considered necessary for carrying out the business of the Stores and for providing necessary facilities to its members;
- (xv) to determine the terms for the purchase and sale of consumers goods and other articles supplied and to decide the terms on which credit sale to members is to be allowed;
- (xvi) to institute, conduct, defend, compromise, refer to arbitration or withdraw legal proceedings by or against Stores, or the Committee or any officer or any employee of the Stores and to appoint any member of officer or employee of the Stores for the aforesaid purposes, provided such legal proceedings concern the affairs of the Stores;
- (xvii) to utilise the various funds for the purpose for which they are created in accordance with the provisions of the Punjab Co-operative Societies Act, Rules and By-laws;
- (xviii) to sanction investment of funds of the Stores;
- (xix) to open branches and to appoint Branch Advisory Committee;
- (xx) to frame subsidiary rules (which shall be entered into the proceedings books of the Stores for the conduct of the business of the Store) consistent with the Punjab Co-operative Societies Act, Rules thereunder and the by-laws of the Stores and subject to the approval of the Registrar;
- (xxi) to delegate any of their powers, to Sub-Committee consisting of one or more members of the Committee or members. Any Sub-Committee so framed shall in the exercise of the powers so delegated conform to the regulations that may, from time to time, be

imposed upto it by the Committee;

- (xxii) to prepare or cause to be prepared Annual Report and Balance Sheet and receipts and disbursements and profit and loss accounts for the previous co-operative year and to decide what allowances should be made for depreciation of assets.
- (xxiii) to dispose of property of the Stores subject to such conditions as may be laid down in this behalf by the General Body or the Registrar;
- (xxiv) to propagate co-operative principles, method and practice by arranging recreational meetings, lectures, seminars reading rooms and social activities of members as well as for others.

B. OBLIGATIONS

- (i) to observe the provisions of the Co-operative Societies Act; Rules and the by-laws in conducting the business of the Stores;
- (ii) to maintain or cause to be maintained true and accurate account of all money received and disbursed and all stock bought and disposed of;
- (iii) to keep or cause to be kept an accurate account of the assets and liabilities of the Stores;
- (iv) to keep or cause to be kept the complete and upto date all the registers and books as specified in the by-laws or as may be directed by the Registrar from time to time;
- (v) to lay before the Annual General Meeting profit and loss account, audited balance sheet, audit report inspection notes of the Stores and also to take necessary action to comply with the observations and remarks of the Auditors and inspecting officers;
- (vi) to render assistance to such persons as are authorised to inspect and audit the accounts of the Stores;
- (vii) to supervise the sales conducted by the staff;
- (viii) to test the scales, weights and measures and to ensure that there is no unavoidable adulteration of produce sold by the Stores;

- (ix) to make verification of inventories and stocks of the Stores at least once in every six months;
- (x) to arrange for examination and checking of the accounts especially by comparing them with the stock register, the sales book and the cash book;
- (xi) to arrange for periodical inspection of branches or sale deposits.
- (xii) to arrange for adequate insurance coverage for stocks and other immovable property with the Insurance Company approved by the registering authority.
- (xiii) to place before the annual General Meeting for the Stores the audit memos and inspection notes;
- (xiv) to lay down policies of business and generally to direct and control the affair of the Stores prudently and efficiently and in vest interests of the Stores with due regard to the security of the funds of the Stores, interest of the members and of the general consumers.

15.3 In the conduct of the affairs of the Stores of the members of the Managing Committee shall exercise such prudence and diligence as is expected of a man of average intelligence. They shall be responsible for any loss which may accrue to the Stores on account of their negligence and acts which may be contrary to the Co-operative Societies Act, the Rules and the Bye-laws.

15.4 There shall be a staff selection committee appointed by the Managing Committee consisting of not less than 3 members of which Manager shall be Member-Secretary. This Committee shall be competent to select and appointed officers of the Stores except the Manager and the Accountant.

15.5 The appointment of the Manager and Accountant will be made by the Managing Committee with previous approval of the Registrar.

15.6 An appeal shall be from the decision of the Managing Committee to General Meeting only in cases where such power has been specifically reserved to itself by the General Meeting.

16. MANAGING COMMITTEE ELECTION AND TENURE OF OFFICE BEARERS

16.1 The President and one or more Vice President, shall be

elected by the Managing Committee from amongst themselves at a meeting to be summoned immediately after the Annual General Meeting held for the election of the Managing Committee from amongst themselves at a meeting to be circumstances, the meeting shall be held within 15 days of the date of the Annual General Meeting.

16.2 The President and the Vice-President(s) shall hold office till such time as the next Annual General Meeting of the election of the Managing Committee is held.

Provided further that the President and Vice-President shall cease to hold office on-

- (a) death;
- (b) resignation;
- (c) on permanent insanity;
- (d) on ceasing permanently to reside in the area of the operation of the Stores;
- (e) on ceasing to hold minimum number of shares required to contest the election;
- (f) on being disqualified to continue as a member of the Managing Committee;

The vacancy thus caused in the office of the President and Vice-President shall be filled in by election by the Managing Committee but for the unexpired portion of the term.

17. POWER AND DUTIES OF THE PRESIDENT AND VICE PRESIDENT

The following shall be the powers and the duties of the President provided that the powers and the duties specified below shall be exercised and performed by the Vice-President when the President is absent :-

- (i) to summon meetings of the General Body and the Managing Committee;
- (ii) to preside over the meeting of the General Body and the Managing Committee;
- (iii) to sign and ensure that the minutes of the meetings of the General Body are recorded in the proceedings book ;
- (iv) to ensure that the minutes of the meetings of the

Managing Committee are recorded in the proceedings books and the same are signed by all the Committee members present in the meeting;

- (v) to supervise and control the staff of the Stores, and
- (vi) to supervise the general working of the Stores.

18. EXECUTIVE COMMITTEE

18.1 The Managing Committee may constitute an Executive Committee of not less than 5 members from amongst themselves and may delegate to such an executive Committee such of its powers and duties as may be considered necessary for the expeditious disposal of the day to day working of the Stores by recording a regular resolution in the behalf in the proceedings book of the Stores, Provided that such an executive Committee shall include the President of the Stores as its member and shall also include, if the State Government is a shareholder, one of the nominees of the State Government in the Managing Committee of the Stores.

18.2 The Executive Committee shall ordinarily hold office till such time as the annual general meeting for electing members of the Managing Committee, to fill up the vacancies caused by retiring members, is held or for a period of one year, whichever is earlier. It may, however, at any time be dissolved or reconstituted by the Managing Committee provided that the reconstitution also conforms to conditions laid down under para 18.1 of these by-laws.

18.3 Meetings of the Executive Committee shall be summoned by the President or the Manager/Secretary when considered necessary. Ordinarily 3 days notice of the meeting shall be given by post under a certificate of posting. But so long as by virtue of the provision in para 18.1 above a State Government nominee is also on the Executive Committee, the President or Secretary or Manager shall fix the date and time of the meeting in consultation with him.

18.4 Minutes of the Executive Committee shall be recorded in the proceedings book by the Manager/Secretary and in his absence by the Chairman and shall be signed by all the members who attend such meeting. Three members shall constitute the quorum.

19. MANAGER/SECRETARY

19.1 - The appointment of the Manager will be made by the Managing Committee with the previous approval of the Registrar..

20. POWERS AND DUTIES OF THE MANAGER/ SECRETARY

20.1 Subject to the general control of the Managing Committee, the Manager shall have the following powers and duties, provided that in the absence of the Manager the Managing Committee may authorise any other officer to perform his duties, provided that if such an Officer is to perform the duties of the Manager for more than a month, the permission of the Registrar shall be secured :-

A. DUTIES

- (i) to observe the provisions of the Act, the Rules the bye-laws in conducting the business of the Stores;
- (ii) to keep a true account of the assets and liabilities of the Stores;
- (iii) to maintain true and accurate account of all money received and disbursed by the Stores;
- (iv) to maintain true and accurate account of the Stock bought and sold by the Stores.
- (v) to maintain correct and upto date registers and record as specified in the bye-laws and as may be directed by the Managing Committee from the Registrar, from time to time;
- (vi) to prepare and lay before the General Meeting and the Managing Committee, profit and loss account, audited, balance sheet, inspection note, audit notes of the Stores, provided that he shall lay before the Managing Committee balance sheet of the Stores at the end of every month;
- (vii) to take action, to comply with the observations and remarks of the Auditors and Inspecting Officers;
- (viii) to assist the Auditor and Inspecting Officers in the audit and inspection of the Stores;

- (ix) to arrange for the safe custody of the stock, property and assets of the Stores;
- (x) to ensure that the bonds and other documents are properly executed by the borrowers and others in favour of the Stores;
- (xi) to ensure that all receipts, vouchers and other documents are prepared in accordance with the general rules and the bye-laws.
- (xii) to conduct correspondence on behalf of the Stores;
- (xiii) to ensure that record of the meetings of the General Body, Managing Committee and the Executive Committee is properly maintained.
- (xiv) to certify copies and entries in the books of the Stores;
- (xv) to receive money due to the Stores and issue receipts in lieu thereof;
- (xvi) to prepare annual statements and other periodical returns as may be directed by the Registrar, or the Managing Committee from time to time;
- (xvi) to prepare annual statements and other periodical returns as may be directed by the Registrar, or the Managing Committee from time to time;
- (xvii) to ensure that the sale of the consumer goods is effected at reasonable rates; and
- (xviii) to check cash and sign it at the close of the day and also to arrange for its safe custody.

In the absence of Manager the Committee may authorise any other officer to perform his duties.

B. POWERS

- (i) He shall supervise the general management of the Stores and its branches;
- (ii) He shall sanction contingent expenses within the limit fixed by the Managing Committee;
- (iii) He shall guide, supervise and control the work of the other salaried staff of the Stores;
- (iv) He shall carry on correspondence on behalf of the Stores;

- (v) He shall sign receipts on behalf of the Stores, Share Certificates and other documents shall be signed jointly by the Manager and one member of the Committee specially authorised for the purpose by the Managing Committee.

21. ACCOUNT

21.1 Subject to the approval of the Registrar or any officer of the Co-operative Department authorised by him in this behalf, the Managing Committee may appoint any Accountant for the Stores and such terms and conditions as may be laid down by the Registrar through a general or special order.

21.2 It shall be the duty of the Accountant to maintain complete and upto date accounts and registers of the Stores. He shall further perform all such duties relating to maintenance of accounts as may be assigned to him by the Manager or the Managing Committee.

22. TREASURERS

22.1 A treasurer shall be appointed by the Managing Committee and he shall take charge of all money received by the Stores from any source and shall make disbursement in accordance with the directions for the Managing Committee or the Manager. 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, Executive Committee, Manager or any other Officer of the Co-operative Department.

22.2 The Manager and the Treasurer shall sign the cash book. The responsibility of the cash balances shall rest jointly and severally on the Manager and the Treasurer as the case may be. The cash balances held by each of them shall be recorded in the cash book both in the words and in the figures.

22.3 The Treasurer shall keep in his custody a cash balance not exceeding a sum as may be authorised by the Managing Committee with the previous approval of the Registering Authority. It shall be the responsibility of the Treasurer and the Manager of the Stores to deposit cash balance exceeding the

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limits laid down above in the financing agency of its nearest branch office forthwith.

23. LIABILITY

23.1 The liability of a member of the Stores for deficit in the assets, in the event of its being wound up, shall be limited to the value of shares subscribed by him.

24. MAXIMUM CREDIT LIMIT

The maximum credit limit of the Stores shall be fixed by the General Body in accordance with the instructions laid down by the Registrar, from time to time, Such limit shall be subject to the approval of the Registrar who may, at any time, reduce it. The Stores shall, however, be permitted to raise loan beyond this credit limit against the security or pledge of stocks or goods.

25. BRANCHES AND BRANCH ADVISORY COMMITTEE

25.1 The Store may, with previous approval of the Registrar in writing open its sales depots or branches within its area of operation.

25.2 The Managing Committee shall provide adequate supervisory machinery to ensure periodical verification and valuation of stock, checking of accounts, submission of periodical returns of the central office, implementation of the directives concerning selling prices and general standards of management and relation with the consumers members and other purchases.

25.3 Each branch will have an Advisory Committee consisting of not more than seven members appointed by the Managing Committee from among the members normally expected to make purchases from the Branch.

25.4 The Branch Advisory Committee shall its first meeting elect its Chairman and Secretary. The Chairman shall President over all its meetings and shall have a casting vote.

25.5 The Branch Advisory Committee shall, subject to the control and directions of the Managing Committee :-

- (a) manage and supervise the working of the Branch;
- (b) examine and take six monthly stock;

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- (c) carry out the policies, decisions and work assigned to it by the Managing Committee.

26. BUSINESS PROCEDURE

26.1 The Stores will sell consumers goods and service to members as well as to other consumers subject to such terms and conditions as may be laid down in this behalf by the Registrar from time to time.

26.2 Consumer bonus or patronage dividend will be allowed to non-members also. In the case of non-members the payment of such bonus shall not be made in cash but instead it will be accumulated in the share suspense account to be opened with a view to issuing shares and making them members. If the amount remains unutilized for purchase of shares in the manner indicated above for more than one year, the same shall be credited to the Reserve Fund of the Stores.

26.3 Goods and services provided by the Stores shall be against each payment but the Managing Committee may allow credit sales to :-

- (a) the member who have made a trade or purchase deposit in terms of by-law No. 26.4 to the extent of only the balance to his credit in that account;
- (b) the person who has deposited with the Stores a sum of money to cover his weekly or monthly purchase to the extent of only the balance to his credit in that account;
- (c) the members who have excuted agreement in terms of Section 32 of the Punjab Co-operative Society Act, 1961, subject to the limit of half month pay;
- (d) the institutions like hostels, hospitals and jails etc. may be supplied goods and services on such terms and conditions as may be prescribed by the Managing Committee.

Provided further that the maximum limit to be permitted in each case shall be determined by the Managing Committee after taking into account the credit worthiness of each.

26.4 A member may take a Trade/Purchase deposit with the Stores in order to avoid paying cash every time a purchase is made from the Stores. The deposit will not be made for a

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specific period and will not be allowed to be withdrawn in cash, unless the depositor ceases to be a member of the Stores. Whenever a member purchases goods from the Stores, the cost thereof shall be debited against his trade deposits. Every members making trade deposit will be supplied with a pass book and a counterfoil indent book. A depositor, who wishes to buy goods against his trade deposit shall send alongwith the pass book, a requisition in the form of an indent book supplied for the purchase. No other requisition will be recognised. The pass book will, after issue of the articles, be returned with the cost of the purchases made, noted in it alongwith the indent book. Interest may be paid on the Trade deposit at a rate to be determined by the Managing Committee but not exceeding 4 percent annum on lowest balance on any day in a calender month. Interest will be calculated and added only on the last of each Co.-op. year. If any account is closed in the course of the year, interest accrued upto that date will be paid alongwith the outstanding amount.

26.5 The Stores will, as far as possible, provide for a variety of articles which would serve larger interests of consumers. The Stores will stock provisions which have a quick turnover and which are in demand from a larger number of consumers.

26.6 There will be a Purchase Sub-Committee of which the Manager will be the Security. The Manager will make purchases under the directions of the purchase Sub-committee. The Purchase Sub-Committee shall study market conditions, market trends, arrivals, despatches, price trends and advise the Stores in the matter of making purchases.

26.7 A price Fluctuation Fund may be created to guard against losses resulting from sudden price fluctuations in some commodities. This Fund will be created from out of the distributable surplus in such a manner as the Managing Committee may decide.

26.8 The Stores shall aim at making purchases in bulk directly from producers or manufacturers as the case may be. As far as possible, such purchases will be made from Co-operative organisations concerned.

26.9 The primary objective of the consumers' stores and its price fixation policy shall be to ensure that the retail price level of the consumers articles is maintained at a reasonable level which ensuring that the Stores is not itself put to any overall loss

in doing so. The Stores shall, therefore follow the principles enumerated in the succeeding sub-para in fixing the selling prices.

26.10 All goods should be sold at as near prevailing market price as possible, the margin of profit naturally differing from commodity of commodity depending upon cost price, market conditions and possibilities to turnover etc. While determining selling prices, the Managing Committee should ensure that over a period of time, the Stores is not put to loss.

26.11 In case of certain commodities there may be unforeseen losses or comparatively very small margin of profit possible in view of the prevailing market conditions and certain other factors. To compensate for such unforeseen loss or lower margin of profit, it would be necessary for the stores to charge comparatively higher margin of profit in case of those commodities for which the prevailing prices are more favourable. If any case, the overall margin if obtained, will be ultimately returned to the consumers in the shape of consumers bonus or patronage dividend.

27. DISTRIBUTION OF PROFITS

27.1 At the General Meeting the gross profits earned in the preceding year shall be announced, and the following deductions shall be made in the following order:-

- (a) interest payable on loans and deposits;
- (b) Working expenses;
- (c) loss of Stock;
- (d) depreciation on building and other wasting assets.

27.2 The balance remaining after these deductions shall be treated as Net Profits and distributed as under :-

- (a) A sum not less than 10 percent of the net profits shall be carried to the Reserve Fund;
- (b) A sum not exceeding 2 percent as may be advised by the Registrar, shall be contributed to the Co-operative Education Fund to be administered by the State Co-operative Union;
- (c) Of the remaining net profits, a sum shall be first set aside to pay the share holders a dividend not exceeding 6 percent for the year on the paid of share

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capital standing on their names, at the rate which may be decided by the Managing Committee and approved by the Registrar.

27.3 After meeting the obligations mentioned in 27.2 the remainder shall than be utilized as follows:-

- (i) 75 percent shall be distributed as patronage divided to customers of the Stores in proportion to the value of the purchases made by each during the year, provided that total purchases made during the year concerned will in no case be less than Rs.100/- and provided further that the patronage dividend declared by the Stores shall be credited to Share Account of the members concerned until the total shareholding standing to the credit of the member reaches Rs.30/ in the case of an individual member and Rs.100/- in the case of a member Co-operative Society. Provided further that bonus to non-members shall be paid subject to provisions under by-laws No.26.2;
- (ii) a sum to the extent of 10 percent be distributed to the employees of the Stores as Bonus subject to a maximum of two months' pay in a year;
- (iii) of the remaining amount, suitable apportions be made for Building Fund, Price Fluctuation Fund and any other funds required by the Stores;
- (iv) the surplus, if any, be credited to the Reserve Fund or carried over to the profits of the next year.

27.4(a) Any Bonus due to customers but not registered with the Stores within 3 months of the date of declaration of Bonus shall be carried to the Reserve Fund;

- (b) Any dividend due to members but not claimed within 2 years from the date of intimation, which shall be given by post, shall be paid into the Reserve Fund. But this shall be paid into the Reserve Fund. But this shall not be done without giving at least 15 days notice to the member(s) concerned.

27.5 The Reserve Fund shall be indivisible and no members shall be entitled to claim any share in it, provided that in exceptional circumstances the Reserve Fund may be utilized with the prior approval of the Registrar for meeting losses.

27.6 In addition to the sums prescribed above, all receipts on

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account of donations, admission fees and forfeited share shall be carried to the Reserve Fund.

REGISTERS

28.1 Accounts and records shall be maintained in the form prescribed by the Registrar with such addition as the Managing Committee think necessary. The following Registers/Forms shall always be maintained :-

- (i) Share holders' register;
- (ii) Cash Book;
- (iii) Purchase, Issue and Stock Register;
- (iv) Cash Memo;
- (v) Daily Sales Book;
- (vi) Stock Register;
- (vii) General Ledger;
- (viii) Quarterly Statement showing excess or shortages;
- (ix) Deposit and Trade/Purchase deposit account;
- (x) List of articles with selling prices;
- (xi) Dead Stock Register;
- (xii) Register of Patronage Dividend disbursement;
- (xiii) Audit Memos and inspection Memos;
- (xiv) Yearly statement of receipts and disbursement,

28.2 Before the end of September every the Committee shall draw up statement showing the receipts and expenditures, assets and liabilities and profit and loss for the previous year and the Managing Committee will get printed. A copy of these statements shall be supplied to the Registrar and to every member of the Stores.

29. AMENDMENT OF BY-LAWS

29.1 Subject to the provisions of the Act and the Rules no amendments in these by-laws shall be carried out save in accordance with a resolution passed at a General Meeting of which due notice of the intention to discuss the amendments has been given.

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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 2/3rd of the members for the time being of the Stores are present.

Provided further that model by-laws or amendments previously approved by the Registrar may be adopted by majority of members at an ordinary general meeting.

30. MISCELLANEOUS

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

30.2 If the Store is indebted to a Co-operative Financing Institution, it shall be competent for a representative of the latter to inspect the books and record of the Stores and the Managing Committee shall arrange the production of books and record before such a representative.

30.3 No person shall be employed by the Stores unless he satisfies the qualifications that may be laid down by the Registrar from time to time.

30.4 No person shall be employed by the Stores without obtaining from him security in such form and according to such standard as may be laid down by the Registrar from time to time.

30.5 The Stores 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.

30.6 The Store shall prepare and submit such returns and statements as may be laid down by the Registrar, from time to time.

30.7 The members of the Managing Committee may be paid travelling and daily allowances on scale approved by the Registrar through a special or general order.

30.8 The Stores may, in the circumstances specified in the relevant provisions of the Act, be wound up and cancelled by the Registrar in accordance with the procedure laid down by such Act and Rules framed thereunder.

30.9 If any dispute touching the constitution or business of the Stores arises between the members and past members of the Stores or other persons referred to in the relevant provisions of

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the Act, and the Rules framed thereunder, it shall be desposed of in the manner provided in such Act and the Rules.

30.10 Every member of the Managing Committee, General Manager, Manager Secretary, member of a Committee, Officer and Employees of the Stores shall if so required by the Stores before entering upon his duties sign a declaration pledging himself to observe strict secrecy in respect of all transactions of the Store and the state of accounts thereof and in matters relating thereto, and shall, by such declarations pledge himself not to reveale any of the matters. Such may come to his knowledge in the discharge of his duties when required so to do by the members or by meeting or by a court of law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any or the provisions of the Punjab Co-operative Societies Act, 1961 and Rules made thereunder and these by-laws or any other law for the time being inforce.

30.11 Any member of the Stores may incept any of the registers of documents during office hours so far as they relate to his own business transactions.

30.12 All financial assistance received from Government in the form of share capital, loans and subsidies shall be kept in separate account and when so directed by the Registering authority, in the Bank in joint name of the Stores and the District Assistant Registrar concerned withdrawals.

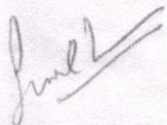
30.13 The Stores, shall not allow under any circumstances, allow the use of business premises wholly or partially for purpose other than the Stores own business of for other bonafide co-operative activities.

30.14 The Store shall maintain an upto date copy of its by-laws, Punjab Co-operative Societies Act, and Rules made hereunder and shall make them avoidable for inspection during office hours.

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

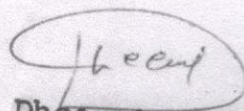
30.16 In these by-laws, unless there is any thing repugnant to the context, Registrar shall include an Officer subordinate to him authorised by him in this behalf.

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We are the following members who has been duly Authorise in the regulation No. 5, Dated 24.8.98 on the behalf of the purpose store namely the chandigarh Co.-operative consumer's stores Ltd. We read and understood of these the by laws.



Sunil Kumar

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Dheeraj Bansal.