

**DISSERTATION
ON
BYE-LAWS OF THE SOCIETY & ADOPTION PROCESS OF THE BYE-LAWS**

A Dissertation submitted for impartial fulfilment of the requirement for the award of the for
54th PGDCBM Course at VAMNICOM, PUNE

Submitted by

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Under the Guidance of

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Submitted to

The Programme Director
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OF COOPERATIVE MANAGEMENT

(A Grant-in-aid Institution under Ministry of Cooperation, Government of India)
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Mr. Nitin.D.Chaskar

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CERTIFICATE

This is to certify that the Dissertation entitled “**Bye-Laws of the Society & Adoption Process of the Bye-Laws of Cooperative Societies**” is an original research work carried out by Mr.Nitin.D.Chaskar under my guidance and supervision. No part of this work has been submitted for any other degree earlier.

Date: 24.05.2022
Place: Pune

Dr.Girish Manglik

DECLARATION

I hereby declare that the dissertation entitled “**Bye-Laws of the Society & Adoption Process of the Bye-Laws of Cooperative Societies**” is the outcome of research work carried out by me under the guidance of Dr.Girish Manglik, Professor, Vaikunth Mehta National Institute of Cooperative Management, Pune, Maharashtra. I further declare that this dissertation has not been submitted previously for the award of any degree either in this Institute or any other Institute.

Date: 24.05.2022

Place: Mumbai

Mr. Nitin.D.Chaskar

Trainee Officer

Introduction

Once the co-operative housing society is formed and registered under the RWA, a set of instructions, rules, and regulations become applicable as society bye-laws to all its members. The Registrar approves these bye-laws in terms of the overall structure, objectives, membership rights, etc.

There are a total of 174 model bye-laws of the housing society, solely based on one of India's leading State Acts i.e., the Maharashtra Co-operative Society's Act. It also involves registered amendments [section 2(5)] and only housing society management can approve amending bye-laws under legal provisions.

Purpose of Housing Society Bye-Laws

Housing society bye-laws involve administrative rules to self-regulate activities of the higher management authority and other society members. As a result, the framework of bye-laws applies to the **election method of MC, RWA, and Board of Management** in a housing society. Although it may vary from one state to another, the broad categories are similar.

Its purpose is to cover individual rules and regulations of the management association including society affiliations, meeting procedures, raising funds and limiting liabilities, membership rights & duties, collecting maintenance, holding elections, raising parking & other complaints, audit affairs, basic redevelopment procedure and amending affairs of a housing society.

Several societies amend a host of bye-laws when a pre-existing law doesn't prove to serve its current affairs. It can be for maintenance issues, general body decorum, annual meetings, or admins' code of conduct. Thus, members can amend particular sub-clauses to maintain harmonious citizenship and a proper administrative environment.

So, let's dive into the entire list of housing society bye-laws to note how they not only define and restrict management activities but also determine the liabilities and rights of all homeowners.

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Co-Operative Housing Society Bye-laws

The Registrar can hold the co-operative housing society to make bye-laws in terms of the broad subject matter of the following categories –

1. Preliminary (Registered Name, Classification & Address)

The Preliminary bye-laws **No. 1(a)** to **No. 2(e)** talk about the regulations for society's name, name changing procedure, housing classification, registered address, address change procedures, and the exhibition of society's Name Board.

2. Interpretation of Words & Terms

The model bye-laws **No. 3** involve commonly used terms/acts such as nomenclature meanings of Act, Promoter Builder, Maintenance & Sinking Funds, Common Areas, Parking and Facilities, Member Types, Authorized Persons, etc. As a result, it identifies actual roles in terms of a cooperative housing association.

3. Area of Operation, Affiliation & Objectives

Here, bye-law **No. 4** talks about the society's locality i.e., town/village/ward/municipal corp/city survey no., etc. Next, its main objectives under the **Ownership Flats Act** & other rules are described under bye-law **No. 5**. Lastly, bye-law **No. 6** declares its affiliation with other Coop Institutions viz. Co-op Housing Federation of the District/Taluka, the District Central Co-operative Bank/Ward.

4. Raising, Utilization & Investment of Funds

The co-operative society bye-law **No. 7** deals with 13 ways (by loans & subsidies, entrance fees, **corpus fund**, etc) to raise funds. Bye-Law **No. 8, 9(a), 9(b), 10** talks on authorized share capital and members/MCs issuing share certificates with society's seal & signature of officials. However, the total restrictions on member liabilities are limited under Bye-law **No. 11** and the constitution of the **Reserve Fund of the Society** goes under Bye-law **No. 12 (a, b)**.

Next, the methods in which several funds such as sinking fund, maintenance & repair funds, reserve fund, education & training funds, etc are created, utilized, and invested are described in several parts on Bye-law **No. 13, 14, and 15** respectively.

5. Member Classes, Eligibility & Conditions

Bye-law **No. 16** distinguishes members into associate, nominal, active, and non-active types. Their eligibility and approval process are classified under bye-law **No. 17(a, b, c)**.

Model co-operative housing society bye-law **No. 18**, however, talks about the eligibility of local and govt. bodies, corps & firms for society membership. But the conditions for certain memberships like associate, nominal, for the corporate body, and the disposal of membership applications are enlisted under Bye-Law **No. 19, 20, 21**.

6. Members' Rights & Duties

The society bye-laws enlisting member rights, disputes categorized under **Active & Non-Active members** for each financial year come under bye-law **No. 22 (a-f)**. Other rights include books/records inspection, and getting a bye-laws copy account for bye-law **No. 23**. However, bye-law **No. 24** makes flat occupation clear for associate & nominal members whereas membership restrictions and resignation conditions come under bye-laws **No. 25 to 29**.

Next, bye-law **No. 30-37** on member rights also include their nomination and its revision/revocation, acquisition & transfer of shares & interest of the deceased Member in the capital/property of the Nominee/Nominees and that of society heir, payment valuing shares & interest to nominees, Legal Representative, etc.

Other rules and necessary issuing of documents, and certificates to fulfill society's management compliance come under Bye-laws **No. 38-41**. It starts with member applications & disposals for flat exchanges. After that, the Sub-letting of flats, and mortgaging occupancy fall under bye-laws **No. 42 & 43**.

7. Liabilities & Responsibilities of Members

The bye-laws section **No. 44 to 47** details members' responsibilities viz. clean maintenance, permission for addition and modification in flats, flat examination & reporting repair notices, storage restrictions, making peace with other members, action on bye-laws violation, etc. Bye-Laws **No. 48 to 53** entails necessary procedures & grounds for expulsion from society, forfeiture, acquisition of shares, and even re-admission of members expelled.

In addition, circumstances for cessation of membership and the follow-up duties of the committee, cessation rules for sub-lettee, corporate body, etc, restrictions on holding multiple flats, liabilities of past & deceased members to paid-up shares amount, and other matters for application disposals, members' payment acquisition are explained under housing society Bye-Laws **No. 54 to 63** in parts.

8. Levy of Society Charges

Model bye-laws **No. 64 to 67** deal with society composition, member contribution, and break-up of around 16 types of **apartment maintenance charges** viz. water charge, fixed property taxes, service & parking charges, sinking fund, defaulter interest charges, repayment of the installment of the loan & interest, lease rent, election fund, education & training fund, miscellaneous charges, etc.

Similarly, other charges levied on society account for repairs, maintenance, payment default reports, defaulter payments, and service interests, are classified from bye-laws **No. 68 to 70** in detail.

9. Powers & Duties of Society

These housing society bye-laws sections **No. 71 to 83** cover society duties and rules from the time of registration tuned with eventual incorporation and a common seal. It's empowered to hold, acquire, and dispose of the property to move into legal contracts & proceedings. Additionally, the Society's duties include charges on member shares & interests, allot purchased flats, fixing policies for allotment, handover, and even cancellation of flats. After that, it also covers the committee's

sanction for user change, structural audit execution, and obtaining occupation certificates from allottees. However, policies for allotment, restriction, eligibility applications, and payments of parking slots & other vehicle parking measures are covered in parts.

10. Society General Meetings (First General Meeting, Annual General Meeting & Special General Meeting)

General meetings opt for a set of bye-laws which determine the meeting specifics such as notice, decorum, functions, etc of several types of meetings viz. First General, Annual General Body, and Special General Body. Firstly, Bye-Law **No. 84 to 92** deals with the **First General Meeting** agenda, notice period, functions, duties & handover procedure of the Provisional Committee.

Secondly, bye-law **No. 93(a)** states 30th September as the period before/on which the **Annual General Meeting** is to be held yearly whereas **No. 93(b)** talks about the disqualification in case of default in calling it. However, AGM functions come within bye-law **No. 94** where its agenda & other annual reports/audits from the previous year are evaluated.

Thirdly, the entire Special General Meeting is specified under Bye-Law **No. 95-108** enlisting fixed date, time & place, AGM & SGM notice period, quorum, proxy restrictions, chairman's presiding role, one member-one vote right, general body meeting timestamp, decisions. Moreover, postponement or even cancellation of the previous resolution for the General Body Meeting is discussed here.

11. Management of Society Affairs

The housing society bye-laws ranging from **No. 109 to 139** state the society rules for determining affairs such as the role of MC in committee, bank account opening & funds investment, committee's strength, election procedure, membership cessation & disqualification process, etc. After that, bye-law **No. 120 & 121** explicitly notes the newly elected committee's office period & first meeting.

The detailed list of powers, functions & liabilities such as the resignation of the office bearers such as a Chairman, Secretary, and Treasurer from amongst the Committee members are also notable. While bye-law **No. 137** deals with the overall duties of the committee (subjected to bye-law **No. 111**), the powers of the Chairman & Secretary are listed under bye-law **No. 138 & 139** respectively.

12. Book-Keeping of Accounts, Registers & Records

Book-keeping consists of maintaining accounts, registers & other records by the authorized person (commonly Secretary) to hold members' accounts and subject files of society in a detailed manner. These come within Bye-laws **No. 140 to 146**.

Firstly, the housing society maintains around 16 types of registers & accounts such as forms for member registers & lists, cash books, general & personal ledgers, registers (sinking fund, investment, nomination), etc. Secondly, it keeps records in 33 external files related to society's capital/property, approved construction agreements, torn receipts of issued cheques, credit challans & share certificates. Thirdly, correspondence on the co-operative registrar, property taxes, electric supply & property conveyance, etc.

Other bye-laws (**No. 142-146**) include specifics for maintaining account books by Secretary, cash book limit for in-hand cash, cheque-limit payment, accounts finalization, and filing of annual reports. In conclusion, employees holding security over any office affairs also form a major part of book-keeping

13. Profit Appropriation & Distribution

Under bye-law **No. 147(a)**, the rules apply for the contribution to the Statutory Reserve Fund of the society i.e., after levying loan interest, making deposits, or other such deductions. This allocation under housing society bye-laws **No. 147(b)** entails the following profit distribution ways –

- 75% of the net profit to the co-operative housing society for paying dividends on shares below 15% per annum
- compensating office-bearers below 15%

- Common Welfare Fund allocation, and for serving other objectives under bye-law **No. 5(d)**.

14. Writing off Accounts & Dues

This section is prescribed under bye-law **No. 148** which allows the society to write off irrecoverable charges out of member dues, accumulated losses, and recovery expenses. Bye-law **No. 149** mentions three conditions viz.

- General Body's sanction.
- Approval of the financing agency to which society is in debt.
- Approval of the Registering Authority for writing off amounts successfully.

15. Audit of Society Accounts

The annual financial audit procedure is approved by the govt. authorized Statutory Auditor in its General Body Meeting as described under bye-laws **No. 150 to 152**. These rules include the committee's responsibility to **audit accounts of society**, remuneration of auditors, timeframe to produce audit reports by Internal/Statutory Auditors, preparing Audit Rectification Report (ARP) draft, and the penalty provisions to members in case of default in submitting the same to the Registrar.

16. Maintenance/Repair & Conveyance of the Property

Firstly, bye-laws **No. 153 to 160** detail the steps and execution of the **deed of conveyance/deemed conveyance of the property** under society's Advocate consultancy. Secondly, it issues maintenance/repair rule lists of the Committee. Moreover, society's maintenance expenses, tenders for redevelopment via. approval of architect, contracts dispute settlement, repairs & redevelopment as per Govt. directives are also covered.

Bye-law **No. 158(a)** lists 27 types of maintenance areas at society's cost such as water pumps, storage tanks, lights, elevators, generators, etc. Other repair guidelines under bye-law **No. 159** include members' expenditure for repair, insurance against

calamities, emergency planning schemes in respect of disaster management, response machinery, and key telephone numbers (eg., fire brigade, police, etc.)

17. Other Miscellaneous Matters

These bye-laws from **No. 161 to 170** state the minor yet essential rules regarding the daily operation of the housing society. It states key housing society concerns regarding communication modes of notices, resolutions, decisions for General body meetings, **accounting year requirements**, member penalties for breaching any bye-law, and amendment rules. Moreover, committee operations like installing lifts, solar water heaters, etc in available member spaces, and penalties on common/open amenities such as staircases, clubhouse, etc are also highlighted.

Above all, bye-law **No. 170** explicitly mentions supply charges of document copies such as bye-laws copy, list of active members, indemnity bond, etc that vary from Rs. 5 to Rs. 100 per page.

18. Committee's Redressal of Member Complaints

A housing society can raise a number of member complaints which can be confusing if specific authorities are not approached timely. The bye-laws **No. 171 & 172** state for members to submit complaint applications before the committee to make decisions. Next, if the committee doesn't take action within 15 days, bye-law **No. 173** clearly separates complaints escalated to respective authorities such as the Registrar, Co-operative Court, local Municipal Corporation, Civil Court, Police, District or State Federation, and other specific matters for General Body Meeting.

19. Redevelopment of the Property/Building of the Co-operative Housing Society

The bye-laws **No. 174** is given in respect of the **co-operative housing society redevelopment** strictly as per the registered Maharashtra state Govt. directives as dated on 3rd Jan 2009. Other laws include a Development Agreement with the builder, a fresh procedure for appointing new developers for rebuilding, mandatory attendance of the Representative of the Registrar, and increasing authorized shared

capital by amending the bye-laws in case of higher membership after re-development.

Differences between Old & New Housing Society Bye-Laws

Do I need to adopt the new set of housing society bye-laws if my society is registered new? It's true that your society would be following the old model bye-laws. 2009 if it has been registered prior. Be it cash on hand limit, active member provisions & duties, maintenance rates, AGM, society election tenets, etc, bye-laws have been newly modified after the 97th Constitutional Amendment and MCS Amendment Ordinance, 2013.

Several MCs search for the procedure to adopt the new bye-laws while others simply look out for the bye-law amendments.

Why Do You Need This List of Housing Society Bye-Laws?

The answer to your housing society's foundational policies, disputes, member complaints, or even day-to-day functioning of smooth citizenship can be found in the list of housing society bye-laws. Although the entire list might seem tough to decode line by line, it's a stepping stone for not just MCs but also the owners and tenants. Manipulative or dishonest committees have wrecked society's reputation earlier due to violations of member rights. But now you can actually keep a timely check on your management guidelines, annual meetings, etc, for resolving all kinds of legal breaches with the complete set of model bye-laws.

Subject: Revised set of model byelaws as per 97th Constitutional Amendment

Adoption of _____ by societies

CIRCULAR

1. Rule 12(2) of the Maharashtra Co-operative Societies Rules 1961 prescribes the procedure to be followed for amendment to the bye-laws. The said rule prescribes a condition that a society shall give due notice in accordance with its bye-laws to all the members for considering any amendment thereof. The bye-law No. 167 in the existing Model bye-laws deals with the amendments to bye-laws. The sub-clause (i) of the said bye-laws says that “no bye-laws shall be made, altered or abrogated unless a proposal to do so has been communicated to all the members, 14 days before the General Meeting at which it is to be considered. Each member of the society need not have to be furnished with a copy of the existing Bye-laws and that of revised model bye-laws. Instead a copy of the existing bye-laws and a copy of the revised set of model bye-laws proposed to be adopted at the General Body meeting, should be kept in the office of the society for inspection by members of the society at the convenient time. The item on the agenda of the General Body meeting for adoption of the Model bye-laws should be as under:

To consider adoption of the revised set of model bye-laws of 2014 introduced by the Commissioner for Co-operation and Registrar, C.S., Maharashtra State, Pune in place of the existing Model bye-laws of the society.

Note: A copy of the existing Model bye-laws of the society and a copy of the revised Model bye-laws proposed to be adopted at the General Body meeting, are kept in the office of the society for inspection by members of the society, during _____AM/PM and _____AM/PM on the days preceding the date of the General Body meeting.

2. A proposal for amendment of the bye-laws is required to be submitted with five enclosures viz: enclosure I, II, III, IV and V. to enable the Cooperative housing societies to prepare amendment proposal correctly, specimen of the above I, II, III, IV and V enclosures are given herewith. The information in enclosure I and V could be filled in from the records of the society. The columns of the enclosure II, III and IV are to be filled to serve as per guidance. In addition to the above enclosures, the societies will have to furnish copies of the resolution of the managing committee/general body committee as under.

“Resolved that the Chairman Shri _____, The Hon. Secretary Shri _____, and the Managing Committee member Shri _____ be and are hereby authorized to sign the proposal for amendment to bye-laws (i.e. adopting the revised set of bye-laws in place of existing bye-laws).

Proposed by: _____

Seconded by: _____

Resolution carried unanimously.

3. The proposal, adopting the revised set of bye-laws, in place of the existing set of bye-laws of the society, should be prepared as shown in the specimen annexed to this circular letter and submitted to the Registering Authority within two months from the date of the General Body meeting at which the resolution of adoption of the revised set of bye-laws was adopted. If the proposal is not submitted within the prescribe time limit, it becomes invalid and entire fresh process will be necessary. For adoption purpose the name and signature of only Chairman, Secretary and Authorized member of the managing committee are necessary. Names and Signature of all promoters are necessary while submitting registration proposal only.

Chairman

IMPORTANT GUIDELINES TO BE FOLLOWED

1. Affix Rs.25.00 non Judicial Court Fee Stamp on the application.
2. Submit 4 copies of the Model bye-laws (to be adopted) bearing society name and stamp.
3. Submit a certified copy of the existing bye-laws of the society.
4. Enclose a certified copy of the Notice of the General Body meeting in which the adoption proposal was considered and approved.
5. Submit duly signed and stamped 4 copies of Enclosure I to “IV”.
6. Submit the proposal within 2 months from the date of its approval in the General Body Meeting.
7. Minutes of Managing Committee to authorize Office Bearers/Consultants to submit adoption forms
8. List of Committee Members & contact details

Annexure “A”

(ON SOCIETY’S LETTER HEAD)

ROUND STAMP OF THE SOCIETY

Affix Court Fee Stamp of Rs. 25/- to the application

From,

The Chairman,

_____ Co-operative Housing Society Ltd.,

To,

The Deputy Registrar / Assistant Registrar,

Co-operative Society, Ward _____, Mumbai.

Dear Sir,

- 1 I have the honour to forward herewith amendments approved by the General Meeting of the Society held on _____ and to request that you may please approve and register the same.

- 2 4 copies of the Bye-Laws along with Enclosures I to IV, which are required in this connection, are enclosed.

- 3 Shri _____, Chairman,
Shri _____, Hon. Secretary,
Shri _____, Member of
the Managing Committee have been authorized to sign the amendment proposal. A copy of the General Body resolution is enclosed.

Yours faithfully,

For _____ **Co-operative Housing Society Ltd.,**

Chairman / Hon. Secretary.

(Round stamp of the Society)

Enclosure "I"

(ON SOCIETY'S LETTER HEAD)

Round stamp of Society

We hereby certify that:

- (1) The period that has intervened between the date of notice and the date of General Meeting at which the amendments have been passed is not less than the period required under the Bye-Laws of the Society;
- (2) The notice has been given by the Officers empowered to the parties mentioned in the Bye-Laws and in the manner prescribed therein;
- (3) The date, hour and place of the meeting and the proposed amendments were mentioned in the notice;
- (4) The original copy of the notice and agenda are maintained in the records of the society.

Authorised

Hon. Secretary.

Managing Committee Member

Chairman

Enclosures:

1. 4 copies of the Model Bye Laws
2. Copy of Minutes of the General Body Meeting
3. Court Fee stamp of INR25/-.
4. Covering Note
5. Copy of last Audited Balance Sheet
6. Copy of currently Registrar approved Bye-Laws

(ON SOCIETY'S LETTER HEAD)

Round stamp of Society

Seal/Stamp of the Society

ENCLOSURE 'II'

1. Total number of members on the register on the date of the General Meeting.....

2. Number of members present at the General Meeting

3. Number of members required to constitute a quorum

Extract of the proceeding to amendments approved at the General Meeting held on

Original	Name of the Byelaw		Wording of the resolution passed Approving the amendments	Name of the Proposer	Name of the Seconder	Two third of the members Present at the meeting	Members voting In favour of the Amendment
		Amended					
	1		2	3	4	5	6
1.	Bye laws No. 1 to 175	"Resolved the Bye-law No.1 to 175 in the revised Set of Bye-laws	Resolved that the Bye-law No.1 to 175 in the revised set of Bye-laws				
2.	Appendix 1 to 28 of Various forms.	Appendix 1 to 28 of Various forms.	Appendix 1 to 28 of Various forms.				

For Co-op. Housing Society Ltd.

Appendix be & are hereby adopted in place of the Existing Bye-laws No. 1 to 175

AUTHORISED MANAGING COMMITTEE MEMBER
Chairman Secretary

(On Society Letter Head)

ENCLOSURE “III”

Seal/Stamp of the Society

No. of Bye law	Wording of the Existing Byelaw	Wording of the Amended Byelaw	Reasons for Amendments
1	2	3	4
Bye-Laws No.1 to 175, Annexures 1 to 28 Addenda & Corrigenda to bye-laws, Appendixs as per Copy of the revised set of Bye-laws, enclosed.	As per copy of the existing bye-laws enclosed	Bye-laws No.1 to 175 Appendixs 1 to 28 Addenda & Corrigenda to Bye-laws, Appendixs as per Copy of the revised set of Bye-laws, enclosed.	To switch over to the revised Model bye-laws as the present bye-laws of the society are not adequate to regulate the entire working of the Society .

Copy of the revised set of Bye-laws, enclosed

For _____ Co-operative Housing Society Ltd.

Authorised

Secretary

Managing Committee Member

Chairman

Seal/Stamp of the Society
(On Society's Letter Head)

(To be submitted in four copies)

ENCLOSURE "IV"

Seal/Stamp of the Society

NOTE:

Four separate copies of this enclosure shall be supplied. Copy of the Bye-laws (as amended) approved at the General Meeting held on _____201____, and/or the adjourned general meeting/meetings held on _____201_____

No. of the amended Bye-laws	Wording of the Byelaws as they would read when amended
Bye-laws No. 1 to 175, Appendix 1 to 28 to Bye-laws, Annexure and Appendix.	As per copy of the revised set of Bye-laws attached.

For _____ Co-operative Housing Society Ltd.

Authorised

Secretary

Managing Committee Member

Chairman

Seal/Stamp of the Society

Seal/Stamp of the Society
(On Society's Letter Head)

(To be submitted in four copies)

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For _____ Co-operative Housing Society Ltd.

Authorised

Secretary

Managing Committee Member

Chairman

Seal/Stamp of the Society

(On Society's Letter Head)

**Seal/Stamp of the Society
(To be submitted in four copies)**

ENCLOSURE "IV"

Seal/Stamp of the Society

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Bye-laws No. 1to 175, Appendix 1 to 28 to Bye-laws, Annexure and Appendix.	As per copy of the revised set of Bye-laws attached.

For _____ Co-operative Housing Society Ltd.

Authorised

Secretary

Managing Committee Member

Chairman

Seal/Stamp of the Society

Seal/Stamp of the Society
(On Society's Letter Head)

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No. of the amended Bye-laws	Wording of the Byelaws as they would read when amended
Bye-laws No. 1 to 175, Appendix 1 to 28 to Bye-laws, Annexure and Appendix.	As per copy of the revised set of Bye-laws attached.

For _____ Co-operative Housing Society Ltd.

Authorised

Secretary

Managing Committee Member

Chairman

Seal/Stamp of the Society

(On Society's Letter Head)

ENCLOSURE "V"

Seal/Stamp of the Society

Additional Information relating to the society as on the date of the General Meeting;

1. Name of the Society _____
2. Address, Number and Date of Registration _____

- Registration Number - _____
3. Authorised Share capital _____
4. Area of operation _____
5. Date of last Audit _____ Last Audit Classification _____
6. Rate of Interest on Borrowing: _____
7. Rate of Interest on Lending: _____

A) Deposits:

B) Loan from Central Bank:

Rate of Dividend:

C) Share Subscriptions:

D) Other Borrowings:

Capital & Liabilities	Rs. Ps.	Assets	Rs. Ps.
Paid up Share Capital: Reserve Funds: Other Funds: Member's Deposits: Current Liabilities and Provisions:		1) Investment in a) Land & Building & Other Assets c) other Societies	

Non-Members' Deposits : Loan from other Societies and Central Bank: Loan from Govt of which over dues		d) Shares of i) Central bank ii) other societies iii) Other Shares 2) Loans due from members a) of which overdue b) of which involved in arbitration 3) Deposits with Bank: 4) Other Assets	
Total:		Total:	

- a) Limit of outside borrowing as per Byelaws - _____
- b) Total amount of actual outside borrowings - _____
- c) Profit/Loss for the last three years - _____
- d) Limit of Individual Loans as per byelaws - _____

For _____ Co-operative Housing Society Ltd.

Authorised

Secretary

Managing Committee Member

Chairman

Seal/Stamp of the Society

Model Bye-laws of National level Cooperative Society/Federal Cooperative/Multi-State Cooperative Society.

NOTE:-“The Model Bye-laws are simply a representative sample and a guide to frame bye-laws of a multi-state cooperative society. The society is required to refer to the MSCS Act, 2002 and the Multi state Cooperative Societies Rules 2002 to ensure that the bye-laws framed are consistent with the MSCS Act 2002 and rules”.

1. Name and area of operation :

- (i) The society shall be called _____;
- (ii) The Society shall have a principal place of business which shall be the registered office of the society. The Headquarter of the society shall be at _____. (Full address). Any change in address shall be notified to the Central Registrar within 15 days of its change and also published in local newspaper and shall be made by an amendment of its bye-laws after following the procedures laid down in Sec. 11 of the Multi State Coop. Societies Act 2002.
- (iii) The Society shall have a Common Seal. The Common Seal shall be kept in the safe custody of the Officer authorised by the Board and shall be used on the authority of a resolution of the Board constituted under the bye-laws of the society;
- (iv) The area of operation of the society shall extend to the ----- (Please indicate the proposed of area of operation).
- (v) The society is body corporate which shall sue and be sued in its name.

2. Definitions:-

The words/expressions appearing in these bye-laws shall have the following meaning unless otherwise provided:

- a) “Act” means the Multi-State Cooperative Societies Act, 2002 as amended time to time.
- b) “Area of Operation” means the area from which the persons can be admitted as members of the society.
- c) “Board” means the Board of Directors of the Society.
- d) “Bye-laws” means the Bye-laws of the society for the time being in force which have been duly registered or deemed to have been registered under the Multi State Cooperative Societies Act in force and includes amendments thereto which have been duly registered or deemed to have been registered under the Act;
- e) “Central Registrar”, means the Central Registrar of Cooperative Societies appointed under the provisions of the MSCS Act;
- f) “Chief Executive” means Chief Executive/Managing Director, by whatever name he may be called, of the Society;

- g) A 'Cooperative Bank' means a multi-state cooperative society which undertakes banking business;
- h) "Cooperative Society" means a cooperative society registered or deemed to be registered under any law relating to cooperative societies for the time being in-force in any State or Union Territory;
- i) "Cooperative Year" means the period from 1st of April to 31st March;
- j) "Cooperative Principles" means the cooperative principles as specified in the first schedule of the Multi-State Cooperative Societies Act, 2002.
- k) 'Deposit Insurance Corporation' means the Deposit Insurance & Credit Guarantee Corporation established under Sec. 3 of the Deposit Insurance Corporation Act 1961;
- l) "Defaulter" means a member who has defaulted in payment of any kind of dues payable to the society;
- m) "Delegate" means a person who is duly appointed/elected by the members of the society or part thereof in accordance with its bye-laws as its representatives to the General Body of the society or a person who is duly authorized by the Board of the member society to represent the society in General body of the society of which the society is a member.
- n) "Federal Cooperative" means a federation of cooperative societies registered under the MSCS Act and whose membership is available only to a cooperative society or a multi- state cooperative society;
- o) "General Body", means all the members of the Society and in relation to a national cooperative society or a federal cooperative means all the delegates of member cooperative societies or delegates of multi state cooperative society and includes a body constituted under the provisions of the Act;
- p) "General Meeting" means a meeting of the general body of the society and includes special general meeting;
- q) "Member" means a cooperative society/individual who is admitted as member of the society and continues to be so for the time being;
- r) "Multi State Cooperative Society" means a cooperative society registered or deemed to be registered under the Multi-State Cooperative Societies Act 2002,;
- s) "National Cooperative Society" means a Multi-State Cooperative Society specified in the second schedule to the Multi-State Cooperative Societies Act, 2002;
- t) "Nominal" member means a person who has been admitted as a nominal member or associate member under the bye-law of the society.
- u) 'Officer' means a President, Vice-President, Chairperson, Vice-chairperson, Managing Director, Secretary, Manager, Members of the Board, Treasure, Liquidator, an Administrator appointed under Sec. 123 and includes any other person empowered under

Multi State Cooperative Societies Act or the rules or the Bye-laws to give direction in regard to business of the society.

- v) “Rules” means the Multi-State Cooperative Societies Rules, 2002 made under Multi-State Cooperative Societies Act, 2002 and as amended time to time.
- w) “Reserve Bank” means the Reserve Bank of India constituted under the RBI Act 1934 – 2 of 1934;

3. **Objects, and functions:**

a) **Objects :**

The principal object of the society will be to promote the interests of all its members to attain their social and economic betterment through self-help and mutual aid in accordance with the cooperative principles.

(N.B.: The statement of objects of the society should clearly show the activities carried out / proposed to be carried out in each state from where the members are drawn.)

b) **Functions:**

In furtherance of the above objects, the society may undertake any or all the following activities:-

- 1
- 2
- 3

(to be specified as per the objects of the society)

c) **In addition to above, federal cooperative shall also undertake following functions:-**

Subject to the provisions of this Act and any other law for the time being in force, a federal cooperative may discharge the functions to facilitate the voluntary formation and democratic functioning of cooperative societies as federal cooperative or multi State cooperatives based on self-help and mutual aid.

Without prejudice to the generality of the provisions contained in sub-section (1), the federal cooperative may—

- (a) ensure compliance of the cooperative principle;
- (b) make model bye-laws and policies for consideration of its member cooperative;
- (c) provide specialised training, education and data-based information;
- (d) undertake research, evaluation and assist in preparation of perspective development plans for its member cooperative;
- (e) promote harmonious relations amongst member cooperative;
- (f) help member cooperative to settle disputes among themselves;

- (g) undertake business services on behalf of its member cooperative, if specifically required by or under the resolution of the general body or the board, or bye-laws of a member co- operative;
- (h) provide management development services to a member cooperative;
- (i) evolve code of conduct for observance by a member cooperative;
- (j) evolve viability norms for a member cooperative;
- (k) provide legal aid and advice to a member cooperative;
- (l) assist member cooperative in organising self-help;
- (m) develop market information system, logo brand promotion, quality control and technology up-gradation.

4. Membership:

A society shall have following categories of members:-

- (i) Ordinary members
- (ii) Nominal/ associate members

Who can be ordinary members :

- (i) Any person who resides within the area of operation of the society and who genuinely need the services provided by the society and whose interest does not conflict with the interest of the society;
- (ii) No person shall be admitted as a member of a multi-State co-operative society except the following namely:-
 - a) An individual, competent to contract under section 11 of the Indian Contract Act, 1872;
 - b) Any multi-State co-operative society or any co-operative society;(Applies in case of federal and national society)
 - c) The Central Government;
 - d) A State Government;
 - e) The National Co-operative Development Corporation established under the National Co- operative Development Corporation Act, 1962;
 - f) Any other corporation owned or controlled by the Government
 - g) Any Government company as defined in section 617 of the Companies Act, 1956;
 - h) Such class or classes of persons or association of persons may be permitted by the Central Registrar having regard to the nature and activities of a multi-State co-operative society.

Note : This is illustrative list and society should clearly indicate the category whom they intend to make Member. Prior consent of Government or Govt. Institutions/ Company would be necessary before including them as members in the Bye-laws.

- (iii) No right of membership shall be exercisable until a person has made such payments to the Society in respect of membership or acquired such interest in the society as may be prescribed by the society in its Bye-laws as per the provisions of the Act and rules.
- (iv) Every member shall pay an admission fee as specified in the bye-laws of the society.

Note: No individual person shall be eligible for admission as a member of a national co-operative society or a federal cooperative.

5. Nominal or Associate Member

Society may, in the interest of promotion of the business of the society, admit a person as nominal member or associate member on payment of fee of Rs only.

Provided that such members will not be entitled to subscribe to the share capital of the society.

They will not be allowed to have any interest in the management of the society including right to vote, contest election as director of the board or participate in the general body meetings of the society.

6. Application:

The application for membership of the society shall be submitted by the applicant to the Chief Executive of the society in the prescribed form and at least ----% of the value of shares to be deposited by the applicant at the time of submission of application.

Disposal:

The applications for membership of the society found complete in all respects shall be disposed of within the period of four months from the date of receipt of the application by the society. The same shall be communicated to the applicant within fifteen days of the decision by Registered Post.

- 7. A member may, with the approval of the Board of Directors, transfer its shares to another member of the multi-State cooperative society.

A fee of Rs --- per share as mentioned in the Bye-laws, shall be payable to the society for each such transfer.

8. The Board may, on application, by a Member:

- (i) approve conversion of shares allotted to it or a part thereof into those of other denominations subject to such conditions as the Board may decide to impose;
- (ii) consolidate all or some of the partly paid shares already allotted to member.

9. Disqualifications of membership:

No person shall be eligible for being or continuing as a member of the society if:-

- a) His business is in conflict or competitive with the business of the society; or
- b) He did not make annual transactions of the value of at least Rs. _____ for continuously two years (to be specified in the bye-laws); or
- c) He did not attend the three consecutive general meetings and such absence was not condoned by the 2/3rd majority of the members attending the meeting; or
- d) Has defaulted in payment of all dues including contributions, subscriptions, if any, as decided by the board of the society from time to time and has not made the payment within 30 days after receiving the notice for payment.

10. Cessation of membership:

The membership of the cooperative society may cease in case of:-

- (i) resignation or death of the member.
- (ii) cancellation of registration of the member society;
- (iii) all the shares are transferred to another person/ society;
- (iv) expelled by the general body;
- (v) Incurring any of the disqualifications of membership.

11. Withdrawal from membership:

Any member of the society may withdraw from membership of the society only after ----- years by giving at least a three months notice and duly approved by the Board of the society.

12. Expulsion of Members:

Members of the society may be expelled by a resolution of the general body passed by 2/3rd majority present and voting if :

- (i) Any member has defaulted in payment of dues as per bye-laws of the society for a continuous period of one year;
- (ii) Any activity of a member is found to be conflicting or competitive with the

interest or activities of the society.

- (iii) Provided that the member concerned shall not be expelled unless he has been given a reasonable opportunity of making representation in the matter.
- (iv) No member of the society who has been expelled shall be eligible for re-admission as a member of the society for a period of one year from the date of such expulsion.

13. Rights of member :

Every member of the society shall have the following rights :-

- a) One vote in the general body meetings of the society and no member shall be permitted to vote by proxy;
Provided that a multi-State co-operative society or a co-operative society or any other institution which is a member of any other multi-state cooperative society may appoint its representative by a resolution passed by its Board to vote on its behalf in the affairs of such multi-State cooperative society.
- b) Right to receive notice of general body meetings as per bye-laws of the society;
- c) Right to attend and take active part in the proceedings of the General Body Meetings;
- d) Take part in elections and contest for any post as per provision of the Act, Rules and bye-laws of the society;
- e) Inspect member registers, books of accounts or any other record and obtain certified copies of the resolutions or documents on a payment of fee as may be prescribed by the society from time to time.

14. Liability :

- 1) Liability of the members shall be limited to the share capital subscribed by them;
- 2) (i) In the case of a past member, on the date on which he ceased to be a member;
(ii) In the case of a deceased member, on the date of his death.

Shall continue for a period of two years from such date.

Notwithstanding anything contained in sub-section (1), where a Multi State Co-operative society is ordered to be wound up under section 86, the liability of a past member who ceased to be a member or of the estate of a deceased member who died within two years immediately

preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts of the society as they existed on the date of cessation of membership or death, as the case may be.

15. **Authorised Share Capital:**

The authorised share capital of the society shall be Rs. _____ which shall comprise of _____ shares of the face value of Rs. _each.

(N.B.: Indicate details about equity holding by the Govt. of India, State Govt. or any other Govt. Undertakings if they are the members)

16. The society may with approval of the General Body retire shares, if any, held by the Central/State Government, Central/ State Government organizations at any time. However, retirement of such share shall be at face value. (Society to clearly specify the modalities for redemption of shares).

17. (i) A member shall subscribe to minimum of ___ number of shares ___ % of share value shall be paid at the time of application and rest in equal instalments.

(ii) Manner of allotment, transfer, redemption and/or repatriation shall be at face value and as per the provisions of the Act.

18. **Joint Shareholders**

Shares may be purchased in the names of more than one person jointly.

- i) On death of a joint-holder, the surviving person/ persons shall be recognized as joint shareholder/holders
- ii) The joint-holder of any share shall be liable severally as well as jointly for all payments which are to be made in respect of such share or shares.
- iii) The person whose name stands first written on the share certificate shall enjoy all the rights of a member and be responsible for all the liabilities of a member. He shall be entitled to receive the annual dividend and notice of the General Meeting.
- iv) Where a share of the society is held jointly by more than one person, the person whose name stands first in the share certificate, if present, shall have the right to vote. But in his absence, the person whose name stands second and, in the absence of both, the person whose name stands next, and likewise in the absence of preceding persons the person whose name is next on the share certificate, who is present and who is not a minor, shall have right to

vote.

19. Share Certificate

Every person admitted as member shall be entitled to receive a share certificate gratis stating the number of share/s and their distinctive number/s. The share certificates shall be signed by the Chairman, or any Director duly authorized and the Chief Executive Officer. The share certificate shall bear the Society's seal.

20. Transfer of Shares

- i) A member may transfer his share or shares after holding them for not less than one year to any person duly approved by the Board of Directors. The transfer is not complete until the name of the transferee has been duly entered in the register of members and the transfer fee of per share is paid.
- ii) If any certificate be worn out, defaced, destroyed or lost, a new share certificate's may be issued in lieu thereof on payment of a fee of per share. It shall, however, be necessary to produce evidence to the satisfaction of the Board of Directors that the share certificates were worn out, defaced, destroyed or lost, or in absence of such evidence, on such indemnity as the Board of Directors may deem sufficient.

21. Nomination

A member may nominate a person to receive the member's interest in the society after his death. Nomination shall be made in the prescribed form and entered in the special register kept at the society's registered office. Prior approval of the Board shall be necessary if the person to be nominated is an employee of the society.

22. Death of a Shareholder

On death of a shareholder, the society may pay to the person or persons nominated a sum representing the value of the shareholder's interest in the society within six months from the death of the shareholder. In the absence of nomination, the society may pay to such person or persons as may appear to the Board of Directors to be entitled to receive the same as heir or legal representative of the deceased shareholder on his or their executing an appropriate deed of indemnity in favour of the society.

23. Lien on Shares, Dividends and Deposits

The society shall have the first and paramount lien or charge upon all the shares, dividends and deposits of any member of past member for all moneys due from him to the society from time to time. The society may at any time set off any sum credited by or payable to the member or past member towards payment of any liability of such member as past-member.

24. Capital and Funds:

The society may receive funds from any or all the following sources:

- (i) admission fee;
- (ii) share capital;
- (iii) loans and deposits;
- (iv) grants-in-aid;
- (v) donations;
- (vi) contributions;
- (vii) subscriptions;
- (viii) profit.

25. Maximum Borrowing Limit

The multi-State cooperative society shall be eligible to receive deposits and loans from members and other upto ten times of the sum of its subscribed share capital plus accumulated reserves minus accumulated losses, if any.

26. Constitution of a General Body:

The General Body of a Multi-State Cooperative Society shall consist of all the members of such society. The final authority of the Society shall vest in the General Body.

- (i) Each member-society shall be represented by one delegate elected to the general body as specified in the Bye-laws of the society;

NOTE: No individual can become member of a National Cooperative Society.

Smaller General Body (if applicable)

(A Multi State Cooperative Society with a membership exceeding 1000, may provide in its Bye-laws for the constitution of a smaller body consisting of delegates of members of the society elected or selected in accordance with such Bye-laws).

Such smaller general body may be constituted with delegates elected or selected from among the member-societies on the basis to be elaborated in the Bye-laws of a multi State cooperative society. That smaller body shall exercise such powers of the general body as may be specified in the Bye-laws of the multi-State Cooperative Society

Such delegate of the society shall be the Chairman/President or the Chief Executive of the society or a member of the Board of such cooperative society if such member is authorised by the Board of the nominating society. Where there is no Board, such society shall be represented through its administrator by whatever name called;

The delegates shall continue to be members of the General Body of the society for a period of 5 years or till their successors are elected or as specified in the nomination by the concerned member society.

The procedure for election of delegates in the General Body shall be in accordance with the election regulations framed by the Board of Directors in accordance with the provisions of the Act & Rules framed there under.

The delegate of a member society which has not been a member of the society for atleast 30 days before the date of General Body Meeting may attend the General Body Meeting but shall not be eligible either to exercise the right to vote, participate in the election or to contest election for any post;

Delegates from defaulting member societies shall not be entitled to exercise the right to vote or to seek election to any office. The delegates of defaulting society, if holding any office of the society shall forfeit their right to hold such office w.e.f. the date on which the society becomes defaulter under these bye-laws provided, due notice has been given to the defaulting society and it has failed to pay its dues within 30 days after the receipt of notice.

27. Annual General Meeting and Powers and functions of the General Body :

The Board of the society under a resolution shall within six months after the close of the corresponding year call the annual general meeting at the principal place of business of the society for the purpose of :

- a) Consideration of the audited statement of accounts;
- b) Consideration of the audit report and annual report;
- c) Consideration of audit compliance report;
- d) Disposal of net profits;
- e) Approval for appointment of Auditors & fixation of remuneration;
- f) Review of operational deficit, if any;
- g) Creation of specific reserves and other funds;
- h) Approval of the annual budget;
- i) Review of actual utilisation of reserve and other funds;
- j) Creation of specific reserves and other funds;
- k) Approval of the long-term perspective plan and the annual operational plan;
- l) Review of annual report and accounts of subsidiary institution, if any;
- m) Expulsion of members;
- n) List of employees who are relatives of members of the board or of the chief Executive;
- o) Amendment of bye-laws, if any;
- p) Formulation of code of conduct for the members of the board and officers;
- q) Election & removal of members of the board, if any;
- r) Consider the statement showing details of loans or goods on credit if any given to any director or to the spouse of the director or his/her son or daughter during the preceding year or outstanding against any of them;
- s) Any other matter laid before it by the Board of Directors.

28. Amendment to Bye-laws:

The amendment to bye-laws shall only be passed by a resolution of the meeting of the general body in which a quorum is present by a vote of not less than two thirds of the members present there and not less than 15 clear days' notice for considering of such amendment has been previously given.

29. Special General Meeting:

The Chief Executive, may at anytime, on the direction of the board, call a Special General Body Meeting of the Society and shall call such meeting within one month after the receipt of requisition from the Central Registrar or from___ (%age to be mentioned) of the total number of members of the society to transact the business as stated in notice of the meeting.

30. Notice for the General Meetings and Special General Meetings:

- a) Annual General Meeting of the society may be called by giving not less than 14 days notice in writing to all the members of the society.
- b) Special General Meeting of the society may be called by giving not less than 7 days notice in writing to all the members of the society;
- c) The notice of the Annual General Meeting shall be accompanied by a copy of each of the audited balance-sheet, profit and loss account together with the auditors report relating to the preceding year and the report of the Board of Directors thereon.
- d) **The notice of general body meeting shall be sent to members by any of the following modes namely.**
 - i) By local delivery or
 - ii) Under postal certificate. Besides, notice shall also be published in the local news papers having wide circulation.

Notice of the general body meeting shall also be affixed on the notice board of the society and its branches, if any.

31. Quorum of the meeting:

- (i) The quorum for the general meeting shall be one fifth of the total number of members of the society or 1/5 of the total number of delegates of the smaller representative general body(as applicable);
- (ii) No business shall be transacted at any general meeting unless there is a quorum at the time when the business of the meeting is due to commence;
- (iii) If within half an hour from the time appointed for the meeting, quorum is not present, the meeting shall stand adjourned and would be held after half an hour at which the quorum will not be required.
- (iv) If at any time during the meeting sufficient number of members are not present to form the quorum, the Chairman or the member presiding over the meeting on his own, or on his attention being drawn to this fact, shall adjourn the meeting and the business that remains to be transacted at this meeting, if any, shall be disposed off in the usual manner at the adjourned meeting;
- (iv) Where a meeting is adjourned under sub-clause (iii) or (iv) the adjourned meeting shall be held either on the same day or on such date, time and place as may be decided by the Chairman or the member presiding over the meeting, but within 7 days from the date of adjourned meeting.
- (vi) No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting;
- (vii) The adjourned meeting will transact its regular business even without the quorum being present at the meeting.

32. Board of Directors:

The Board of Directors of the society shall consist of ____ Directors (not more than 21) excluding functional directors and co-opted directors’

- (i) Directors to be elected by the General Body (number as may be specified in the Bye- laws;
- (ii) Nominated Directors (number as may be specified in the Bye-laws, if applicable);
- (iii) Chief Executive and Functional Directors shall be the ex-officio members of the Board.

- (iv) Two eminent persons may be co-opted by the Board of Directors;

NOTE: Functional Directors are applicable in case of National Cooperative Societies only.

- (v) Two subject matter specialists may be invited by the Board in any of its meetings;
- (vi) Nominees of the Central Government, if any, as per the provisions of the Act.

Where the Central Government or a State Government has subscribed to the share capital.

(The number of the Government Nominees shall be as per the equity share capital held by the Central Government in the multi-State cooperative society i.e. one person if the equity share capital is less than 26%, two persons if the equity share capital is 26% or more but less than 51%; and three persons if the equity share capital is 51% or more of the total issued share capital)

Provided that such nominated persons shall not exceed one third of the total number of members of the Board.

Where the Central Government or a State Government has guaranteed the repayment of principal and payment of interest on debentures issued by a multi-State cooperative society or has guaranteed the repayment of principal and payment of interest on loans and advances to a multi-State cooperative society or has given any assistance by way of grants or otherwise to a multi-State cooperative society, the Central Government or the State Governments in this behalf, as the case may be, or any person authorised by the Central Government, shall have the right to nominate person on the Board of such a society in the manner as may be prescribed.

A persons nominated under this section shall hold office during the pleasure of the Government by which he has been so nominated.

33. Meetings of the Board of Directors:

- (i) The Board of Directors shall meet at least once in every quarter;
- (ii) The meetings of the Board of Directors shall normally be held at the registered office of the society. In exceptional cases, the meetings of the board may be held at any other place but within the area of operation of the society;

- (iii) The meetings of the Board of Directors shall be presided over by the Chairman or in his absence by the Vice Chairman and in the absence of both Chairman & Vice-Chairman, the Directors present in the Meeting shall elect a Chairman for the meeting from among themselves;
- (iv) 14 days notice shall ordinarily be necessary for the meeting of the Board of Directors;
- (v) The quorum for the meeting of the Board of Directors shall be 1/3rd of its total strength or as specified in the Bye-laws of the multi-State cooperative society.

34. Term of the Board of Directors:

The term of the office of the elected Members of the Board of Directors shall be ----- years from the date of election (not more than 5 years).

The term of office of the members of the Board who are nominees of the Government or institutions or federations shall be as indicated from time to time by the Government or the concerned Institutions. However, their term will be co-terminus with the term of the elected Directors/Board; and the Government/concerned institutions shall make fresh nominations for the new Board;

The elected members of the Board shall be eligible for re-election.

35. Powers & Functions of the Board of Directors:

- (i) To admit members;
- (ii) To elect Chairman and Vice-Chairman of the society;
- (iii) To authorise convening of Meetings of the General Body;
- (iv) To interpret the organisational objectives and set-up specific goals to be achieved towards these objectives;
- (v) To make periodic appraisal of objectives;
- (vi) To appoint, suspend or remove the Chief Executive and such other employee of the society as may be prescribed;
- (vii) To make provisions for regulating the appointment of the society and the scales of pay, allowances and other conditions of service, including disciplinary action against such employees;
- (viii) To place the annual report, annual financial statements, annual plan and budget for the approval of the general body;
- (ix) To consider audit and compliance report and place the same before the general body;
- (x) To acquire or dispose off immovable property;
- (xi) To review the membership in other cooperatives;

- (xii) To approve annual and supplementary budget;
- (xiii) To recommend to the General Body distribution of profits;
- (xiv) To raise funds;
- (xv) To sanction loans to the members;
- (xvi) To fill any vacancy/vacancies in the Board by election;
- (xvii) To approve the panel of auditors for placing in the General Body;
- (xviii) To appoint such Committees, Sub-Committees as may be necessary and delegate to them such powers as may be appropriate;
- (xix) To frame regulations for the election of delegates to the General Body, Members to the Board of Directors and for the conduct of Meetings of the General Body and the Board of Directors as per the provisions of the Act;
- (xx) To take such other measures or to do such other acts as may be prescribed or required under this act or the bye-laws or as may be delegated by the general body.

36. Disqualifications of Board of Directors:

1. No member of the multi state co-operative society or nominee of a member society or a National Co-operative society shall be eligible for being chosen as or for being a member of the Board of a multi state co-operative society, if such member:-
 - a) Has been adjudged by a competent Court to be insolvent or of unsound mind;
 - b) Is concerned or participates in the profits of any contract with the society;
 - c) Has been convicted for an offence involving moral turpitude;
 - d) Holds any office or place of profit under the society :-

Provided that the Chief Executive or such full-time employee of the Society as may be notified by the Central Government from time to time or a person elected by the employees of such Society to represent them on the board of such Society shall be eligible for being chosen as, or for being, a member of such board;
 - e) Has been a member of the Society for less than twelve months immediately preceding the date of such election or appointment;
 - f) Has interest in any business of the kind carried on by the Society of which he is member:
 - g) Has taken loan or goods on credit from the Society of which he is a member, or is otherwise indebted to such Society and after the receipt of a notice of default issued to him by such Society, has defaulted;-

- i) In repayment of such loan or debt or in payment of the price of the goods taken on credit, as the case may be, within the date extended, which in no case shall exceed six months, within the date so extended, or
- ii) When such loan or debt or the price of goods taken on credit is to be paid in installments, in payment of any installment, and the amount in default or any part thereof has remained unpaid on the expiry of six months from the date of such default:

Provided that a member of the board who has ceased to hold office as such under this clause shall not be eligible, for a period of one year, from the date on which he ceased to hold office, for re-election as a member of the board of the Multi-State Cooperative Society of which he was a member or for the election to the board of any other Multi-State Co-operative Society.

- h) Is a person against whom any amount due under a decree, decision or order is pending recovery under this Act:
- i) Is retained or employed as a legal practitioner on behalf of or against the Society, or on behalf of or against any other Multi-State Co-operative Society.

Explanation- For the purposes of this clause, “legal practitioner” has the same meaning as in Clause (i) of sub-section (1) of section 2 of the Advocates Act, 1961(25 of 1961);

- j) has been convicted for any offence under this Act;
- k) is disqualified for being a member under Section 29;
- l) has been expelled as a member under Section 30;
- m) absents himself from three consecutive board meetings and such absence has not been condoned by the board;
- n) absents himself from three consecutive general body meetings and such absence has not been condoned by the members in the general body.

2. A person shall not be eligible for being elected as member of board of the Society for a period of five years if, the Board fails:

- a) to conduct election of the Board under section 45 of the Act: or
- b) to call the general body meeting under Section 39 of the Act: or
- c) to prepare the financial statement and present the same in the annual general meeting.

37. Removal of Elected Members of the Board by the General Body.

An elected member of a board, who has acted adversely to the interests of the Society, may on the basis of a report of the Central Registrar or otherwise be removed from the board upon a resolution of the general body passed at its meeting by a majority of not less than two-third of the members present and voting at the meeting;

Provided that the member concerned shall not be removed unless he has been given a reasonable opportunity of making a representation in the matter.

38. Filling up of casual Vacancies on the Board:

If any vacancy arise in the Board of Directors, it shall be filled by election by the members in the General Body for the remaining unexpired term of the Board.

39. Committees of the Board:

The Board of Directors shall constitute an Executive Committee and other committees or sub-committees as may be considered necessary. Provided that other committees or sub- committees, other than the Executive Committee shall not exceed 3 at a given point of time.

40. Executive Committee

Composition & Functions of the Executive Committee or other committee or sub-committee may be specified in the Bye-laws of the Society.

41. Chairman and Vice-Chairman

There shall be a Chairman and a Vice-Chairman elected by the Board of Directors from among themselves. The Chairman and in his absence, the Vice-Chairman shall preside over the Meeting of the General Body and the Board of Directors.

The terms of office of the Chairman and Vice-Chairman shall be co-terminus with the term of the elected Members of the Board unless Chairman or Vice-Chairman ceases to be a Director earlier. In case of any vacancy within this period, the Board shall fill up the vacancy through re-election for the unexpired term of the Board.

42. Powers and functions of the Chairman:

The Chairman shall have the following powers and functions:

- (i) He shall preside over the meeting of the general body, Board of Directors and executive committee;
- (ii) The Chairman shall sign the proceedings of all the meetings presided over by him;
- (iii) In the event of equality of votes on a resolution the Chairman shall have casting vote in the meeting;
- (iv) To convene the meeting of the Board of Directors, Executive Committee and other committees of which he is the Chairman;
- (v) The Chairman may delegate any of his powers and functions to the Vice-Chairman;

43. Prohibition to hold office of Chairperson, or President or Vice- Chairperson or Vice-President in certain cases.

- 1) No member of the Board shall be eligible to be elected as Chairman or Vice-Chairman of the Society if he/ she is a Minister in the Central or State Government;
- 2) No member of the Board shall be eligible to be elected as Chairperson or President of the Society if he has held office during two consecutive terms whether full or part.

Provided that a member who has ceased to hold the office of the Chairperson and President continuously for one full term shall again be eligible for election to the office as such.

44. Holding of office in co-operative society

No person shall be eligible to hold at the same time, office of the President or Chairperson or Vice- President or Vice-Chairperson on the Board of more than two Multi- State Co-operative Societies.

45. Functional Directors:

They shall be appointed by the Board and will be whole time employees of the Society and Members of the Board.

(Functional Directors are applicable in case of National Cooperative Societies).

46. Chief Executive

The Chief Executive is called -----(the designation to be specified) and he/she shall be appointed by the Board and shall aid and assist the Board of Directors in its functions. He shall be member of all the committees, sub-committees of the Board of Directors as may be constituted.

47. Powers and functions of the Chief Executive:

Subject to overall control and general supervision of the Board of Directors, the Chief Executive /Managing Director by whatever name he is called shall have the following powers, functions and responsibilities:

- (i) To assist the Board of Directors in the formulation of policies, objectives and planning;
- (ii) To implement the policies and plans duly approved by the General Body or the Board and furnish to the Board of Directors periodical information necessary for appraising the activities and progress of achievement towards implementations of the policies and programmes;
- (iii) To summon meetings of various committees including the general body under the instructions of the Chairman;
- (iv) To maintain proper records of the society;
- (v) To manage the funds of the society, cause proper accounts to be maintained and audited;
- (vi) To attend to all correspondence of the society;
- (vii) To be responsible for collection and safety of the funds;
- (viii) To execute the policies/programmes and business of the society and take such action as is necessary to give effect to the resolutions of the general body, Board of Directors or any other committee constituted under bye-laws;
- (ix) To sign all deposit receipts of the society with banks in accordance with the resolution of the executive committee;
- (x) To endorse and transfer promissory notes and other securities and to endorse, sign, encash cheques and negotiate instruments on behalf of the society;
- (xi) To be the office of the society to sue or to be sued on behalf of the society and sign all books and arrangements in favour of the society;
- (xii) To appoint such personnel in the society as may be approved by the Board of Directors;
- (xiii) To determine powers, functions and responsibilities of the employees of the society of

- all categories;
- (xiv) To maintain a list of members correct and up-to-date;
 - (xv) To exercise administrative control in respect of all officers and staff, including granting of leave, granting of annual increments and other matters relating to the service conditions of the employees;
 - (xvi) To delegate powers to other officers of the society;
 - (xvii) To sanction contingent expenditure in so far as the amount involved is upto Rs. _____;
 - (xviii) To sign on behalf of the society and conduct its correspondence;
 - (xix) To present the draft annual report and financial statements for the approval of the Board;
 - (xx) To record proceedings of meeting and have duly signed;
 - (xxi) To perform all duties entrusted to him and to exercise such other powers as may be delegated to him by the Board of Directors, executive committee and Chairman from time to time.

48. Deposits:

- i) Deposits may be received from Members at any time within the limits determined under the Cooperative Societies Act and Rules, on such rates of interest and subject to such rules and regulations as may be fixed by the Board of Directors and also subject to the directives issued by the Reserve Bank of India (in case of cooperatives banks) in this behalf from time to time.
- ii) Deposits may be received on current, savings, fixed, recurring, cumulative and under any other special scheme/s.
- iii) All the deposits of the bank shall be insured under DICGC Act 1961 and shall be governed by the various sections of the DICGC Act. (Applies on Cooperative Banks)

49. Loans and Advances:

- 1) Loans, cash credits and/or overdrafts on current accounts may be granted to members on securities mentioned below or other security or securities approved by the Board of Directors or without security.
 - i) Personal security and/or surety/sureties of other member/members.
 - ii) Collateral security of movable and immovable property.
 - iii) Industrial, mercantile, agricultural and other marketable commodities or machinery under

- pledge, hypothecation or charge of the Bank.
- iv) Pledge of government, trustee securities, shares of approved companies, debentures and fixed deposits
 - v) Insurance policies assigned to the Bank within the surrender value.
 - vi) Warehouse receipts
 - vii) Gold and silver ornaments
 - viii) Any other tangible security
 - ix) The Board may frame detailed loan regulations prescribing proportion of unsecured loans to total loans and advances, proper terms and conditions and the nature of securities acceptable for loans and advances for different purposes.
- 2) Short-term loans will be for periods up to 15 months, medium-term loans for 15 months to 5 years and long-term loans over 5 years.

50. Linking of Shareholding with Loan Limits

- a) A borrower should hold at least 5 per cent of his borrowings if such borrowings are on an unsecured basis, i.e. in the form of clean overdrafts, loans against one or two personal sureties and purchase/discount of clean bills and cheques.
- b) A borrower against tangible securities should hold shares of the bank to the extent of at least 2 ½ per cent of his borrowings from the Bank.
- c) In the case of loans for small-scale industrial units, the linking of share capital might be fixed initially at one per cent of the borrowings, to be raised in the course of the next two years to 2 ½ percent. The total amount of share capital held by a member will, however, have to be within the limits laid down under the Cooperative Societies Act.

51. Disposal of net Profit:

- (A) Subject to the provisions of the Act and Rules framed there under, the net profits of a multi-State cooperative society shall be distributed by the General Body as follows:
- (i) transfer at least 25% of net profit to the reserve fund;
 - (ii) credit one per cent of its net profit to the cooperative education fund maintained by the National Cooperative Union of India;
 - (iii) an amount of at least 10% shall be transferred to the reserve fund for meeting unforeseen losses.

(B) The balance of the net profit may be utilised for all or any of the following purposes :-

- a) Payment of dividend to members on their paid up capital at the rate as specified in the Bye-laws;
- b) Any other privileges to members; if any; as specified in the Bye-laws;
- c) Contribution to the education fund at the rate of 5% or more and not exceeding 10%. The fund may be utilised for the education and training of members, directors and employees as approved by the Board of Directors;
- d) Donation for the development of the cooperative movement or charitable purpose as defined in section 2 of the Charitable Endowment Act 1890 not exceeding 5%.
- e) Payment of ex-gratia amount to employees as approved by the Board of Directors;

52. Investment of funds:

The society may invest or deposit its funds in:-

- a) A cooperative bank including cooperative land development bank;
- b) Securities specified in section 20 of the Indian Trust Act 1882;
- c) Shares and securities of any other cooperative society/subsidiary institutions;
- d) Any scheduled bank as defined under RBI Act;

53. Reserve Fund

- i) In addition to the sum prescribed under the Co-operative Societies Act and Bye-laws , all admission fees, entrance fees, nominal membership fees, amount of forfeited shares and dividends and donations shall be carried to the Reserve Fund.
- ii) Any loss occurring as the net result of the year's working may with the previous sanction of the Registrar, be made good from the Reserve Fund or from the profits of the next ensuing year or years.
- iii) The Reserve Fund shall be separately invested in government and trustee securities or other approved securities or in fixed deposits with the District Central Co-operative Bank or the State Co-operative Bank.

54. Dividend:

- i) The dividend declared shall be paid to the person whose name stands as the registered shareholder in the books of the Society on the last day of the co-operative year to which the dividend relates.
- ii) Dividend shall be proportionate to the amount paid on shares and the period in whole months for which the amount stood to the credit of the shareholder.
- iii) Any dividend remaining undrawn for three years after having been declared shall be forfeited and shall be carried to the Reserve Fund of the society.

Unpaid dividend shall be payable on application provided the same has not been forfeited.

55. Accounts and Records

Accounts and records shall be maintained in forms prescribed or approved by the Registrar and the Reserve Bank of India (in case of Cooperative banks) with such additions as the Board of Directors consider necessary. Any member of the Bank/Society may inspect any of the registers or records during office hours in so far as they relate to his own business transaction.

1. Audit

i) The accounts of the society shall be audited by an auditor appointed from the panel of auditors approved by the Central Registrar or from a panel of auditors, if any, prepared by the society at least once in each year and the remuneration of auditors shall be fixed by the Central Registrar or the society as the case may be.

ii) Audit Committee (applicable in case of cooperative banks):

Each multi state coop. bank shall constitute audit committee of their boards to look into implementation of guidelines issued by RBI from time to time in this regard.

56. Settlement of Disputes:

All the disputes shall be referred to Arbitration in accordance with the provisions of the Multi state Cooperative Societies Act and Rules.

57. Limitations:

The limitation period in disputes shall be as per the provisions of the Act.

58. Miscellaneous

No act of the General Body or the Board of Directors shall be deemed invalid by reason of any defect in the election of a Member thereof or by reason of any vacancy therein not having been filled in;

Service Rules:

The society shall have service rules for regulating the service conditions of its employees as formulated and amended by the Board from time to time.

The Society shall maintain a Contributory Provident Fund for the benefit of its employees in accordance with the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952.
