

## **Bye-laws of Thrift & Credit/ Multi-Purpose including Thrift & Credit Multi-State Co-operative Society**

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NOTE:-“The Bye-laws are simply a representative sample and a guide to frame bye-laws of a Multi-State Co-operative Society (**society**). The society is required to refer to the Multi-State Cooperative Societies Act, 2002 (**MSCS Act, 2002**) and the Multi-state Cooperative Societies Rules, 2002 (**MSCS Rules, 2002**), as may be amended from time to time, to ensure that the bye-laws framed are consistent with both the MSCS Act, 2002 and MSCS Rules, 2002.”

### *Name and Area of Operation*

1. Name and area of operation [**Sections 5(1)(b), 10 of MSCS Act, 2002, Rule 3(1), and Rule 8 of MSCS Rules, 2002**]:

- (a) The society shall be called \_\_\_\_\_ Limited;
- (b) 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). **The e-mail address of the society shall be \_\_\_\_\_.**  
Any change **in the address and e-mail address** shall be notified to the Central Registrar (as defined below) 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 section 11 of the MSCS Act, 2002.
- (c) The society shall have a common seal. The common seal shall be kept in the safe custody of the Officer (as defined below) authorised by the Board and shall be used on the authority of a resolution of the Board constituted under these Bye-laws;
- (d) The area of operation of the society shall be confined to the **States/UTs of \_\_\_\_\_.**
- (e) The society is a body corporate which shall sue and be sued in its name.

### *Definitions*

2. Definitions [**Section 3 of MSCS Act, 2002 & Rule 2 of MSCS Rules, 2002**]:

- (1) 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) **“Authority” means the Co-operative Election Authority established under sub-section (1) of section 45 of the Act.**
  - (d) “Board” means the Board of Directors of the society.
  - (e) “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 MSCS Act, 2002 in force and includes amendments thereto which have been duly registered or deemed to have been registered under the Act;
  - (f) **“Central Registrar” means the Central Registrar of Cooperative Societies appointed as per clause (f) of Article 243- ZH of the Constitution read with sub-section (1) of Section 4 of the MSCS Act, 2002, and includes any Officer empowered to exercise the powers of the Central Registrar under sub-section (2) of that section;**

- (g) “Chief Executive” means Chief Executive/Managing Director, by whatever name he may be called, of the society;
- (h) “Co-operative Bank” means a multi-state cooperative society which undertakes banking business;
- (i) “Co-operative Ombudsman” means the Ombudsman appointed by the Central Government under section 85A of the Act;
- (j) “Co-operative 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;
- (k) “Co-operative Principles” means the cooperative principles as specified in the first schedule of the MSCS Act, 2002.
- (l) “Deposit Insurance Corporation” means the Deposit Insurance & Credit Guarantee Corporation established under Sec. 3 of the Deposit Insurance Corporation Act 1961;
- (m) “Defaulter” means a Member who has defaulted in payment of any kind of dues payable to the society;
- (n) “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 authorised by the Board of the Member society to represent the society in General Body of the society of which the society is a Member.
- (o) “Federal Cooperative” means a federation of cooperative societies registered under the MSCS Act, 2002 and whose membership is available only to a cooperative society or a multi-state cooperative society;
- (p) “Financial Year” in relation to any multi-state co-operative society or class of such societies, means the year ending on the 31st day of March of the year and where the accounts of such society or class of such societies are, with the previous sanction of the Central Registrar, balanced on any other day, the year ending on such day;
- (q) “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;
- (r) “General Meeting” means a meeting of the General Body of the society and includes special General Meeting;
- (s) “Member” means a person joining in the application for the registration of a multi-state co-operative society and includes a person admitted to membership after such registration in accordance with the provisions of the MSCS Act, 2002, the MSCS Rules, 2002 and these Bye-laws;
- (t) “Multi-State Co-operative Society” means a cooperative society registered or deemed to be registered under the MSCS Act, 2002;
- (u) “National Co-operative Society” means a Multi-State Co-operative Society specified in the second schedule to the MSCS Act, 2002;
- (v) “Nominal or Associate Member” means a person who has been admitted as a Nominal Member or Associate Member under the Bye-laws of the society;
- (w) “Officer” means a President, Vice-President, Chairperson, Vice-chairperson, Managing Director, Secretary, Manager, Members of the Board, Treasure, Liquidator, an Administrator appointed under Section 123 and includes any other person empowered under MSCS Act, 2002 or the MSCS Rules, 2002 or these Bye-laws to give direction in regard to business of the society;
- (x) “Rules” means the MSCS Rules, 2002 made under MSCS Act, 2002 and as amended time to time;
- (y) “Reserve Bank” means the Reserve Bank of India constituted under the RBI Act 1934 – 2 of 1934.

(2) Unless the context otherwise requires, words and expressions used and not defined herein, shall have the same meaning respectively assigned to them under the MSCS Act, 2002, and the MSCS Rules, 2002, as may be amended from time to time.

***Objects and Functions***

3. Objects and functions [**Sections 5(1)(a), 5(1)(b) of the MSCS Act, 2002**]:

(a) **Objects:**

The principal object of the society will be to promote the interests of all its Members, present in the states/UTs of \_\_\_\_\_, to attain their social and economic betterment through self-help and mutual aid in accordance with the cooperative principles. The detailed objects shall be as follows:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

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

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

***Members & Membership of the Multi-State Co-operative Society***

4. Membership [**Section 25, 26, 28 of MSCS Act, 2002 & Rule 11 of MSCS Rules, 2002**]:

(a) A society shall have following categories of Members:

- (i) Ordinary Members
- (ii) Nominal or Associate Members

(b) **Who can be ordinary Members:**

- (i) Any person who resides within the area of operation of the society and who genuinely needs 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 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;
  - 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 an exhaustive list and society should clearly indicate the category whom they intend to make Member. **No right of membership shall be exercisable until a person has paid all dues to the multi-**

state co-operative society including the payment in respect of membership or has availed such minimum level of product or services as specified these Bye-laws from time to time.

(iii) 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 Federal cooperative.

5. Nominal or Associate Member [**Section 26 of MSCS Act, 2002**]:

(a) 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.

(b) Such Nominal or Associate Members 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.

(c) The society can issue non-voting shares to such Nominal or Associate Members, which may not confer any interest or any right in the management of the society, as noted in these Bye-laws.

6. Application for admission as a Member of the Multi-State Co-operative Society [**Rule 11 of MSCS Rules, 2002**]:

The application for membership of the society shall be approved by the Board 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.

7. Disposal of application for admission as a Member of the Multi-State Co-operative Society [**Section 25 (3 to 5) of MSCS Act, 2002**]:

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.

8. Authorised share capital [**Section 25 and 33 of MSCS Act, 2002**]:

(a) The authorised share capital of the society shall be Rs. [●] which shall comprise of [●] shares of the face value of Rs. [●] each.

(b) The Members of the society can hold up to [●] % of the total share capital of the society (not exceeding one-fifth of the total share capital), subject to exceptions under Section 33 of the MSCS Act, 2002.

9. Conversion of shares allotted to a Member into other denominations:

(a) 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.

10. Disqualification of membership [**Section 29 of MSCS Act, 2002**]:

(a) No person shall be eligible for being or continuing as a Member of the society if:

(i) His business is in conflict or competitive with the business of the society; or

(ii) He has failed to use the minimum level of the products or services as specified in the bye-laws for two consecutive years: \_\_\_\_\_;

- (iii) He has not attended three consecutive general meetings of the Multi-State Co-operative Society and such absence has not been condoned by the members in the general meeting; or
- (iv) He has made any default in payment of any amount to be paid to the Multi-State Co-operative Society under these bye-laws / as decided by the Board.

11. Cessation of membership [**Sections 29 and 30 of MSCS Act, 2002**]:

(a) The membership of the co-operative 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.

12. Withdrawal from membership [**Section 10(2) (g) of MSCS Act, 2002**]:

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.

13. Expulsion of Members [**Section 28 & 30 of MSCS Act, 2002**]:

(a) Members of the society may be expelled by a resolution of the General Body passed by 2/3<sup>rd</sup> majority present and voting if:

- (i) Any Member has defaulted in payment of dues as per these Bye-laws 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 to make 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 three years** from the date of such expulsion.

14. Rights of Members [**Sections 28 and 31(d) of MSCS Act, 2002, and Rules 17 and 22 of MSCS Rules, 2002**]:

(a) Every Member of the society shall have the following rights –

- (i) 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 Co-operative Society may appoint its representative by a resolution passed by its Board to vote on its behalf in the affairs of such Multi-State Co-operative society.
- (ii) Right to receive notice of General Body meetings as per these Bye-laws;
- (iii) Right to attend and take active part in the proceedings of the General Body meetings;
- (iv) Take part in elections and contest for any post as per provision of the MSCS Act, 2002, MSCS Rules, 2002 and these Bye-laws;
- (v) Inspect Member registers, books of accounts or any other record and obtain certified copies of the resolutions or documents on a payment of a fee of Rs. [●] as may be prescribed by the society from time to time.

15. Liability [**Section 36 & 37 of MSCS Act, 2002**]:

- (a) The liability of a past member or of the estate of a deceased member of society for the debts of the society, as they existed:
  - (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.
- (b) Notwithstanding anything contained in sub-clause (a), where a Multi-State Co-operative Society is ordered to be wound up under Section 86 of the MSCS Act, 2002, 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.

***Share Subscription, Share Certificate, & Joint Share Holders***

16. Share subscription:

- (a) 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.
- (b) Manner of allotment, transfer, redemption and/or repatriation shall be at face value and as per the provisions of the MSCS Act, 2002.

***Share Redemption***

17. Redemption of shares **[Section 35(2) of the MSCS Act, 2002]:**

- (a) Redemption of shares by authorities mentioned under Section 25 of the MSCS Act, 2002, shall be subject to the exceptions under Section 33 of the MSCS Act, 2002, and shall be undertaken in the following manner:

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

18. 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.

***Transfer of Shares, Nomination, & Death of a Shareholder***

19. Transfer of shares **[Sections 33 and 34 of the MSCS Act, 2002]:**

- (a) A Member may transfer his share or shares after holding them for not less than one year to any other Member duly approved by the Board, subject to Section 34 of the MSCS Act, 2002. 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 to the society for such transfer.

- (b) 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 that the share certificates were worn out, defaced, destroyed, or lost, or in absence of such evidence, on such indemnity as the Board may deem sufficient.

20. 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.

21. Death of a shareholder [**Section 36 & 37(2) of MSCS Act, 2002**]:

- (a) 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;
- (b) In the absence of nomination, the society may pay to such person or persons as may appear to the Board 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 or the society shall pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such Member's share or interest as ascertained in accordance with the MSCS Rules, 2002.

*Lien, Capital & Funds, & Maximum Borrowing Limit*

22. 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.

23. Capital and Funds [**Section 10(m) and 67 of MSCS Act, 2002**]:

- (a) The society may raise funds from any or all the following sources:
- (i) admission fee;
  - (ii) share capital;
  - (iii) loans, cash credits, overdrafts from financial Institutions, National Co-op. Development Corporation;
  - (iv) grants/in-aid and donations, subsidies, equity participation from state and or Government of India;
  - (v) donations;
  - (vi) Deposits from voting members;
  - (vi) contributions from voting Members;
  - (vii) profit;

24. Maximum Borrowing Limit [**Section 67 of MSCS Act, 2002**]:

The total amount of deposits [from its voting members] and loans received shall not exceed such multiples as may be determined by the Central Government of the sum of subscribed share capital and accumulated reserves minus the accumulated losses.

***General Body & Meetings***

**25. Constitution of a General Body [Section 38 of MSCS Act, 2002]:**

- (a) The General Body of a 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/nominated to the General Body as specified in the Bye-laws of the society.
  - (ii) The society may have representation of other institutions in any meeting of General Body or the Board, and such institutions shall be represented through its nominee.

**26. Smaller General Body [Section 38(1) of MSCS Act, 2002 & Rule 13(2) of MSCS Rules, 2002]:**

- (a) A society, with a membership exceeding 1000, may provide for the constitution of a smaller body of delegates of Members of the society, elected or selected in the manner given below:
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
  - 3. \_\_\_\_\_
- (b) This smaller body shall exercise the following powers of the General Body: (details to be filled by the society)
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
  - 3. \_\_\_\_\_
- (c) The smaller body General Body may exercise its powers subject to the following restrictions: (details to be filled by the society)
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
  - 3. \_\_\_\_\_
- (d) 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.
- (e) 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.
- (f) The procedure for election of delegates in the General Body shall be in accordance with the election regulations framed by the Board in accordance with the provisions of the MSCS Act, 2002, & the MSCS Rules, 2002, framed there under.
- (g) The delegate of a member society which has not been a Member of the society for at least 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;
- (h) 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 [Section 39(1) of MSCS Act, 2002 & Rules 6(ix), 13(1) MSCS Rules, 2002]:**



(a) 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:

- (i) Consideration of the audited statement of accounts;
- (ii) Consideration of the audit report and annual report;
- (iii) Consideration of audit compliance report;
- (iv) Disposal of net profits;
- (v) Approval for appointment of auditors & fixation of remuneration;
- (vi) Review of operational deficit, if any;
- (vii) Creation of specific reserves and other funds;
- (viii) Approval of the annual budget;
- (ix) Review of actual utilisation of reserve and other funds;
- (x) Creation of specific reserves and other funds;
- (xi) Approval of the long-term perspective plan and the annual operational plan;
- (xii) Review of annual report and accounts of subsidiary institution, if any;
- (xiii) Expulsion of Members;
- (xiv) List of employees who are relatives of Members of the Board or of the Chief Executive;
- (xv) Amendment of Bye-laws, if any;
- (xvi) **Appointment of auditor;**
- (xvii) Formulation of code of conduct for the Members of the Board and Officers;
- (xviii) Election & removal of Members of the Board, if any;
- (xix) 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;
- (xx) Any other matter laid before it by the Board.

28. Special General Meeting [**Section 40(1) of MSCS Act, 2002 & Rule 15(2) of MSCS Rules, 2002**]:

The Chief Executive may at any time call a Special General Meeting on:

- (i) the direction of the Board;
- (ii) within one month after the receipt of requisition from the Central Registrar;
- (iii) within one month after the receipt of requisition from [●] % of the total number of Members of the society to transact the business as stated in the notice for the meeting.

29. Notice for the General Meetings and Special General Meetings [**Rule 15 of MSCS Rules, 2002**]:

- (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 thereon.

30. Quorum of the meeting [**Section 11(2) of MSCS Act, 2002 & Rule 16 of MSCS Rules, 2002**]:

- (a) The quorum for the General Meeting shall be [●] (at least 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);
- (b) 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;

- (c) 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.
- (d) 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 of in the usual manner at the adjourned meeting;
- (e) Where a meeting is adjourned under sub-clause (c) or (d) above, 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.
- (f) No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting;
- (g) The adjourned meeting will transact its regular business even without the quorum being present at the meeting.

### ***Board of Directors***

#### 31. Board of Directors [Section 41 & 50 of MSCS Act, 2002]:

- (a) The Members of the society, by a resolution in a general meeting, shall elect directors who shall be members of Board.
- (b) The Board of the society shall consist of [●] Directors (not more than 21) excluding co-opted directors'.
- (c) The Board shall have **one Member from Scheduled Caste or Scheduled Tribe and two women, if society consists of individuals and has Members from such class or category of persons.**
- (d) The Board shall comprise of:
  - (i) [●] Directors to be elected by the General Body;
  - (ii) [●] Nominated Directors (if any);
  - (iii) Chief Executive shall be the ex-officio Members of the Board;
  - (iv) Two directors to be co-opted by the Board **as per Section 41(3) of the MSCS Act, 2002;**
  - (v) [●] Nominees of the Central Government, if any, as per section 48 of the MSCS Act, 2002.

#### 32. Meetings of the Board of Directors [Section 50 of MSCS Act, 2002]:

- (a) The Board shall meet at least once in every quarter and for a total of \_\_ times in a year;
- (b) The meeting shall be convened by the Chief Executive of the Board at the instance of the Chairperson or the President of the society. **In a situation where the Chairperson or President fails to direct the Chief Executive to convene the meeting of the Board within the quarter, such Chief Executive shall convene the meeting on the basis of requisition of the Vice-Chairperson or Vice-President or any other Member of the Board;**
- (c) **The Chief Executive may also convene the meeting on the basis of requisition from at least fifty per cent. of Members of the Board;**
- (d) The meetings of the Board 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;
- (e) The meetings of the Board shall be attended by the Chairperson or the President of the society **or in his absence the Vice-Chairperson or Vice-President and in the absence of both, any other Member of the Board chosen by the Members of the Board present from amongst themselves at the meeting, shall preside over the meeting;**
- (f) The quorum for the meeting of the Board shall be **1/3<sup>rd</sup> of its total number of elected directors.**

#### 33. Term of the Board of Directors [Sections 45-J (5), and 48(2) of MSCS Act, 2002]:

- (a) The term of the office of the elected members of the Board shall be 5 years from the date of election.
- (b) The Board may fill casual vacancies up to one-third of number of elected Directors on the board by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of office of the Board is less than half of its original term. In case the number of such casual vacancies in the same term of the board exceeds one-third of number of elected directors, such vacancies shall be filled by elections.
- (c) The term of office of the members of the Board who are nominees of the institutions or federations shall be as indicated from time to time by the concerned Institutions. However, their term will be co-terminus with the term of the elected Directors/Board; and the concerned institutions shall make fresh nominations for the new Board;
- (d) The term of the office of the members of the Board who are nominees of the:
  - (i) Central Government, or
  - (ii) the State Government, or
  - (iii) any person authorised by the Central Government or the State Government shall be during the pleasure of the Government by which he has been so nominated.
- (e) The elected Members of the Board shall be eligible for re-election.

34. Powers & Functions of the Board of Directors [**Section 49 of MSCS Act, 2002**]:

- (a) To admit Members;
- (b) To elect Chairman and Vice-Chairman of the society;
- (c) To authorise convening of Meetings of the General Body;
- (d) To interpret the organisational objectives and set-up specific goals to be achieved towards these objectives;
- (e) To make periodic appraisal of objectives;
- (f) To appoint, suspend or remove the Chief Executive and such other employee of the society as may be prescribed;
- (g) To recruit employees through a transparent, objective, and adequately publicised competitive process, and as per specified educational and experience criteria as laid down in these Bye-laws.
- (h) To make provisions for regulating appointment of employees to the society, employee's scales of pay, allowances and other conditions of service, including initiating disciplinary action against such employees;
- (i) To place the annual report, annual financial statements, annual plan and budget for the approval of the General Body;
- (j) To consider audit and compliance report and place the same before the General Body;
- (k) To acquire or dispose off immovable property;
- (l) To review the membership in other cooperatives;
- (m) To approve annual and supplementary budget;
- (n) To recommend to the General Body distribution of profits;
- (o) To raise funds;
- (p) To sanction loans to the Members; (**applicable to credit societies only**)
- (q) To fill any vacancy/vacancies in the Board by election;
- (r) To approve the panel of auditors for placing in the General Body;
- (s) To appoint such committees, sub-committees as may be necessary and delegate to them such powers as may be appropriate;
- (t) To frame regulations for the election of delegates to the General Body, Members to the Board and for the conduct of Meetings of the General Body and the Board as per the provisions of the Act;

- (u) To take such other measures or to do such other acts as may be prescribed or required under the MSCS Act, 2002, or these Bye-laws or as may be delegated by the General Body.

35. Committees of the Board [**Section 53 of MSCS Act, 2002**]:

- (a) The Board shall constitute an Executive Committee and other committees or sub-committees as may be considered necessary.

Provided that the Board shall constitute—

- (i) an Audit and Ethics Committee;
- (ii) a Committee on prevention of sexual harassment at workplace.
- (b) The Executive Committee, the Audit and Ethics Committee, and the Committee on prevention of sexual harassment at workplace, shall perform the following functions as are assigned to it:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

36. Executive Committee [**Section 53(1) of MSCS Act, 2002**]:

Composition & functions of the Executive Committee or other committee or sub-committee are as under:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

37. Chairperson or President and Vice-Chairperson or Vice-President of the Board of Directors [**Section 49(2)(aa), 45J(5) of MSCS Act, 2002, and Rule 6(ii) of MSCS Rules, 2002**]:

- (a) There shall be a Chairperson or President and a Vice-Chairperson or Vice-President elected by the Board from among themselves. The Chairman and in his absence, the Vice-Chairman shall preside over the Meeting of the General Body and the Board.
- (b) The terms of office of the Chairperson or President and a Vice-Chairperson or Vice-President shall be co-terminus with the term of the elected members of the Board unless Chairperson or President and a Vice-Chairperson or Vice-President ceases to be a Director earlier.

38. Powers and functions of the Chairperson or President [**Rule 6(ii) of MSCS Rules, 2002**]:

- (a) The Chairperson or President shall have the following powers and functions:
  - (i) He shall preside over the meeting of the General Body, Board and Executive Committee;
  - (ii) The Chairperson or President shall sign the proceedings of all the meetings presided over by him;
  - (iii) In the event of equality of votes on a resolution the Chairperson or President shall have casting vote in the meeting;
  - (iv) To convene the meeting of the Board, Executive Committee and other committees of which he is the Chairperson or President ;
  - (v) The Chairperson or President may delegate any of his powers and functions to the Vice-Chairperson or Vice-President.

39. Chief Executive [**Section 51 of MSCS Act, 2002**]:

The Chief Executive is called \_\_\_\_\_ (the designation to be specified) and he/she shall be appointed by the Board as per the MSCS Act, 2002, the MSCS Rules, 2002 and **any other norms issued by**

the Central Government in this regard. The Chief Executive shall aid and assist the Board in its functions. He shall be Member of all the committees, sub-committees of the Board as may be constituted.

40. Powers and functions of the Chief Executive [**Section 52 of MSCS Act, 2002, and Rules 6(ii), 22 of the MSCS Rules, 2002**]:

- (a) Subject to overall control and general supervision of the Board, the Chief Executive /Managing Director by whatever name he is called shall have the following powers, functions, and responsibilities:
- (i) To assist the Board 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 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 or any other committee constituted under these 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 officer of the society to sue or to be sued on behalf of the society and certify all books and arrangements in favour of the society;
  - (xii) To appoint such personnel in the society as may be approved by the Board;
  - (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, Executive Committee, and Chairman from time to time.
  - (xxi) The Chief Executive shall sign the proceedings of all the meetings presided over by him.
  - (xxii) The Chief Executive for thrift and credit societies shall be subject to the fit and proper criteria issued by the Central Government in this regard.

*Elections*

41. Elections for Members of Board-[**Section 45 of MSCS Act, 2002**]:

- (a) The Chairperson and the Chief Executive of the society shall inform the Co-operative Election Authority, six months before the expiry of the term of the existing Board, to conduct the elections within time, and shall provide all necessary support to the Authority to conduct elections for the society.

- (b) The society shall bear all expenses related to the elections & follow all the directions of the Cooperative Election Authority in this matter.
- (c) No person shall be eligible to be elected as a member of the board or office bearer of a Multi-State Co-operative Society, unless he is an active member of the general body of that society.

**(41A.) List of Members and delegates eligible to vote [Rule 19-I(2) of MSCS Rules, 2002]:**

Details of the person authorised to supply a copy of the list of members/ delegates eligible to vote as upon request by a Member: \_\_\_\_\_

**(41B.) Qualifications for election as Member of Board [Rule 19J(5)(c) of MSCS Rules, 2002]:**

(a) To be nominated as a candidate for election to fill a seat on the Board, the candidate must have the following qualifications: (Details to be added by the society)

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

(b) As per Section 19-J(5), no person shall be nominated as a candidate for election to fill a seat on the Board if he—

- (i) is ineligible to vote;
- (ii) is not qualified or is disqualified to be the Member of a Multi-State Co-operative Society or a Member of the Board under the provisions of the MSCS Act,2002, and the MSCS Rules, 2002; and
- (iii) does not possess the necessary qualifications specified above for election as Member of the Board.

***Co-operative Information Officer***

**42. Co-operative Information Officer [Section 106(1) of the MSCS Act, 2002, and Rule 35,of MSCS Rules, 2002]:**

- (a) The society shall designate a Co-operative Information Officer.
- (b) The Co-operative Information Officer shall provide information to its Members regarding the affairs and management of the society, upon receiving an application for the same as prescribed under the MSCS Rules, 2002, which shall be confined to the following: (details to be filled by the society)

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_

- (c) The application to the Chief Information Officer shall be in the format, and with such qualifications, as specified in the MSCS Act, 2002 and the MSCS Rules, 2002.

***Deposits & Linking of Shareholding with Loan Limits***

43. Deposits [Section 10(k) and Section 20 of MSCS Act, 2002]:

- i) Deposits may be received from voting Members at any time within the limits determined under the MSCS Act and Rules, 2002, and the prudential norms determined by the Central Government in this regard, on such rates of interest and subject to such rules and regulations as may be fixed by the Board 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.

44. Linking of Shareholding with Loan Limits:

- (a) A borrower should hold at least [●] 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 [●] 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 [●] per cent of the borrowings, to be raised in the course of the next two years to [●] percent. The total amount of share capital held by a Member will, however, have to be within the limits laid down under the MSCS Act, 2002.

*Disposal of Net Profit*

45. Disposal of net Profit [Sections 62(2) and 63, 63-A and 91 of MSCS Act, 2002]:

- (a) Subject to the provisions of the Act and the Rules framed thereunder, the net profits of a Multi-State Co-operative Society shall be distributed by the General Body as follows:
  - (i) transfer at least 25% of net profit to the reserve fund;
  - (ii) credit annually one per cent. of net profit to co-operative education fund to be maintained by the Central Government.
  - (iii) an amount of at least 10% shall be transferred to the reserve fund for meeting unforeseen losses.;
  - (iv) if the society is in profit for the preceding three financial years, 1% of its net profits, or Rs. 1 crore (whichever is less) shall be credited to the Co-operative Rehabilitation, Reconstruction and Development Fund maintained by the Central Government.
- (b) The balance of the net profit may be utilised for all or any of the following purposes:-
  - (i) Payment of dividend to Members on their paid-up capital at the rate of [●];
  - (ii) Any other privileges to Members, if any;
  - (iii) 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;
  - (iv) 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%.
  - (v) Payment of ex-gratia amount of [●] to employees as approved by the Board.

### *Investment of Funds*

#### 46. Investment of funds [Section 64 of MSCS Act, 2002]:

(a) The society may invest or deposit its funds in accordance with Section 64 of the MSCS Act, 2002, in:-

- (i) A Co-operative Bank, State Co-operative Bank, cooperative land development bank or Central Co-operative Bank;
- (ii) in any of the securities issued by the Central Government, State Government, Government Corporations, Government Companies, Authorities, Public Sector Undertakings or any other securities ensured by Government guarantees;
- (iii) in the shares or securities of any other Multi-State Co-operative Society or any co-operative Society
- (iv) in the shares, securities and assets of any subsidiary institution or any other institution in the same line of business as the Multi-State Co-operative Society;
- (v) with any other scheduled or nationalised bank;
- (vi) in such other manner as may be determined by the Central Government.

### *Reserve Fund*

#### 47. Reserve Fund [Rule 24(4) of the MSCS Rules, 2002]:

In addition to the sum prescribed under the MSCS Act, 2002 and these bye-laws, all admission fees, entrance fees, Nominal or Associate membership fees, amount of forfeited shares and dividends and donations shall be carried to the Reserve Fund.

### *Dividend*

#### 48. Dividend [Section 63(2) of MSCS Act, 2002 & Rules 24 and 6(iv) of MSCS Rules, 2002]:

- (a) 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.
- (b) 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, the maximum of which being [●] % .
- (c) 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.

- (d) Distribution of patronage bonus to Members in consonance with the transactions of a Member with the society shall be done in the manner indicated below:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



**Accounts, Records, Audit, and Annual Returns**

49. Accounts and Records [**Sections 73(6), 108, & 109 of MSCS Act, 2002 & Rule 27 of MSCS Rules, 2002**]
- (a) Accounts and records shall be maintained in forms prescribed or approved by the Central Registrar and the Reserve Bank of India (in case of Co-operative Banks) with such additions as the Board consider necessary. Any Member of the Co-operative Bank/society may inspect any of the registers or records during office hours in so far as they relate to his own business transaction.
  - (b) In the event that the society is engaged in production, processing and manufacturing, particulars relating to utilisation of materials or labour or other items of costs should be maintained in the following manner:
    - 1. \_\_\_\_\_
    - 2. \_\_\_\_\_
    - 3. \_\_\_\_\_
  - (c) The society shall adopt such standards of auditing and accounting as may be determined by the Central Government, subject to Section 73(6) of the MSCS Act, 2002. Until such standards are specified, the auditing and accounting standards specified by the Institute of Chartered Accountants of India constituted by sub-section (1) of section 3 of the Chartered Accountants Act, 1949 shall be deemed to be the standards of auditing and accounting.

**NOTE:** In case of a Multi-State Co-operative bank, it shall adopt the standards of accounting and auditing, if any, laid down by the Reserve Bank.

50. Audit [**Section 70, 70A and 73 of MSCS Act, 2002**]

- (a) The accounts of the society shall be audited by an auditor as per the MSCS Act, 2002 and the MSCS Rules, 2002, at least once in each year.
- (b) The society shall, at each annual general meeting, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.
- (c) The auditors or auditing firm shall be appointed from a panel maintained by the Central Registrar.  
**NOTE:** In case of Multi-State Co-operative society with deposits of above five hundred crore rupees and multi-state non-credit societies with turnover of above five hundred crore rupees, the auditor shall be appointed from a panel of auditors maintained by the Central Registrar.
- (d) The auditor shall submit the audit of accounts report to the society within six months from the date of closing of the financial year, to which such accounts relate.
- (e) The society may fill any casual vacancy in the office of an auditor; but while any such vacancy continues, the remaining auditor or auditors, if any, may act. where such vacancy is caused by the resignation or death of an auditor, the vacancy shall be filled by the Board from the panel of auditors maintained by Central Registrar.
- (f) In case the society meets the criteria laid down under Section 70A of the MSCS Act, 2002, a concurrent audit shall be carried out by an auditor appointed from a panel of auditors approved by the Central Registrar.

51. Filing of Annual Returns [**Section 120 of MSCS Act, 2002**]:

- (a) Every year within six months of the closure of the accounting year society shall file the following returns with the Central Registrar, namely-
  - (i) annual report of the activities including details of Board decisions which were not unanimous;
  - (ii) audited statements of accounts;

- (iii) plan for surplus disposal as approved by the General Body;
- (iv) list of amendments to these Bye-laws;
- (v) declaration regarding date of holding of General Body meeting and conduct of elections where due;
- (vi) disclosure regarding employees who are relatives of Members of Board;
- (vii) declaration of any related party transactions by the Board; and
- (viii) any other information required by the Central Registrar in pursuance of any of the provisions of this Act.

52. Minutes of proceedings of General Meetings and of Board and other meetings [**Section 110 of MSCS Act, 2002 & Rule 18 of MSCS Rules, 2002**]:

Society shall cause minutes of all proceedings of every General Meeting and of all proceedings of every meeting of its Board or of every committee of the Board, to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

*Settlement of Disputes*

53. Settlement of Disputes [**Section 84 of MSCS Act, 2002**]:

All the disputes shall be referred to Arbitration in accordance with the provisions of the MSCS Act and Rules.

*Limitation Period & Miscellaneous*

54. Limitations [**Section 85 of MSCS Act, 2002**]:

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

55. Miscellaneous [**Section 15 & 85-A of MSCS Act, 2002**]:

- (a) No act of the General Body or the Board 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.
- (b) In the event of any conflict between a provision of these bye laws and a provision of the MSCS Act, 2002, the MSCS Rules, 2002, provisions of the Act/ Rules shall prevail to the extent of such conflict.
- (c) The society shall comply with the directions of the Co-operative Ombudsman as appointed under Section 85A of the MSCS Act, 2002, and the MSCS Rules, 2002.

*Service Rules*

56. Service Rules [**Sections 27, 69 and 42 of MSCS Act, 2002 & Rules 26, 37A and 6(v) of MSCS Rules, 2002**]:

- (a) 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.
- (b) 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.

(c) The society shall follow the following procedure for the association of the representatives of its employees in the management decision making process:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

(d) The society shall organise co-operative education programmes for its Members, directors, and employees. Further, the society may provide funds for such co-operative education programmes in the following manner:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

(e) The society shall recruit employees as per the following educational and experience criteria:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

57. **Contributory Provident Fund [Section 69 of the MSCS Act, 2002]:**

(a) The Contributory Provident Fund shall be credited with the contributions made by the employees and the society in the following manner:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

***Prudential Norms***

58. **Prudential norms (for Thrift and Credit societies) [Section 7(2) of MSCS Act, 2002 and Rule 11A of the MSCS Rules, 2002]:**

(a) The society shall follow the prudential norms and guidelines which may be laid down by the Central Government, from time to time. These prudential norms and guidelines include:

- (a) minimum aggregate value of paid-up capital and authorised share capital required for commencement of business in case of new registration;
- (b) categorisation of capital into various tiers and limits for each tier;
- (c) capital adequacy ratio and risk weightage of different items;
- (d) requirement of buffers for liquidity management;
- (e) exposure limits in case of individual or group borrowers, aggregate borrowers and sectoral borrowers;
- (f) norms for branch expansion; and
- (g) disclosures.

**(b) Restrictions on grant of loans—**

- (1) The society shall not grant loan or make advances against the security of its own shares.
- (2) The total amount of loans granted by the society to members of its board, including their relatives, and outstanding against them in the aggregate shall not exceed ten per cent. of the total amount of all the loans granted by the society and outstanding against its members, at any time.
- (3) The society shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the society.”.

*Amendment to Bye-laws*

59. Amendment to Bye-laws [**Sections 11(1), 11(2), and 11(3) of MSCS Act, 2002**]:

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 and shall be effective only after registration of the same by the Central Registrar.

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