



**THE
KANNUR CO-OP. URBAN BANK LTD.** TM

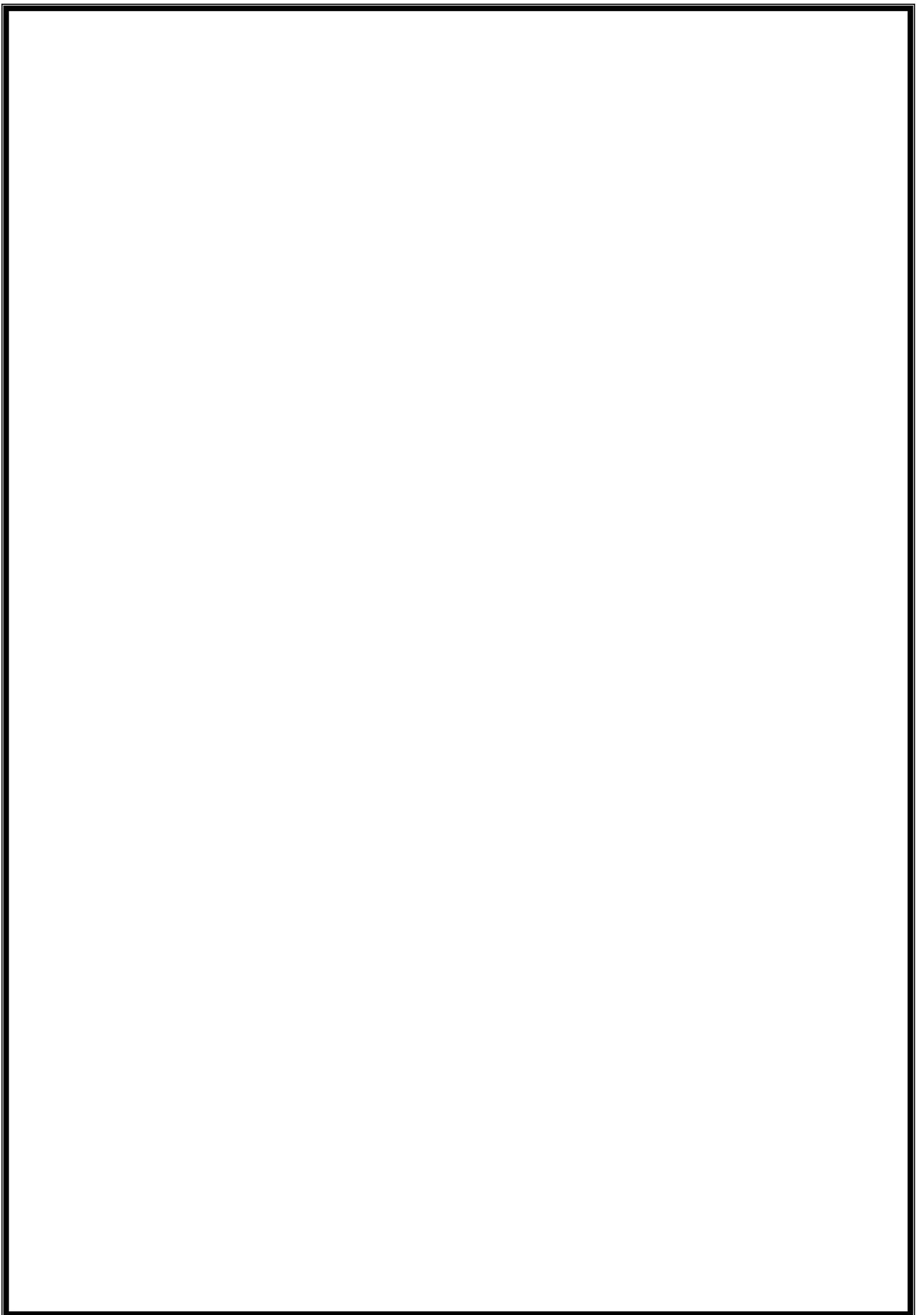
Class 1 Special Grade Urban Bank under the control of Reserve Bank of India

No.1534

Head Office: Thavakkara, Nr. Yathri Nivas, Kannur, Kerala - 670 002
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BYE LAWS



**BYE LAWS OF
KANNUR CO-OPERATIVE URBAN BANK LTD.
NO: 1534**

1. NAME AND ADDRESS:

The Bank shall be called THE KANNUR CO-OPERATIVE URBAN BANK LTD and the registered Head office shall be situated at Bank Building, Thavakkara, P.O. Kannur 2 in Kannur Taluk and District.

a) Branches:

- 1) Main Branch, Raman Centre, Bank Road, Kannur 1
- 2) City Branch, Bank Building, Thavakkara, Kannur 2
- 3) Podikundu Branch, Chettipeedika, Kannur 4
- 4) Morning & Evening Branch, Kunhippally, Kannur 5.

2. AREA OF OPERATION

The area of operation of the Bank shall be confined to the whole of Kannur Municipal Corporation, Kannur Cantontment and Chirakkal, Valapattanam, Munderi, Kadambur, Keezhallur, Koodali and Irikkoor panchayaths. In case of Members admitted under Bye -Law No.8, C class Category and Bye-Law No.10, The area of operation is extended to the villages of Kannur District. For any Revision in this regard, prior approval of registering authority and Reserve Bank of India (Except for the extension of area of operation within the district of registration) as indicated in Reserve Bank of India circular No. UBD - RBI-(Res) 10/07.01.00/95-96 dated 10th October 1995 shall be necessary.

3. DEFINITIONS:

- i) The word of 'Act' and the word 'Rules' used in these bye-laws means the Kerala Co-operative Societies Act XXI of 1969 as amended from time to time and the rules made there under, respectively.
- ii) 'Government' means the Government of Kerala.
- iii) 'Registrar' means the Registrar of Co-operative Societies, Kerala.
- iv) 'Member' means a person joining in the application for registration of the Bank, or a person duly admitted to the membership of the Bank after registration and includes a nominal and associate member.
- v) 'Nominal' member means a person who has been admitted as a nominal member under bye-laws No.10.
- vi) 'Bank' means THE KANNUR CO-OPERATIVE URBAN BANK LIMITED.
- vii) 'Bye-laws' means the Bye-laws of THE KANNUR CO-OPERATIVE URBAN BANK LIMITED.
- viii) 'Chief Executive Officer' means the Managing Director appointed by the Board of Directors. If a Managing Director is not appointed, then the General Manager appointed by the Board of Directors of the Bank will be the Chief Executive Officer.
- ix) 'A Person' means an adult individual,proprietary, concern, partnership firm duly registered under the Indian Partnership Act 1932, company or any other body corporate constituted under the law for the

time being in force, society registered under the Societies Registration Act of 1860, State Government and public Trust registered under any law for the time being in force except a co-operative society registered under the Co-operative Societies Act other than the State Co-operative Bank of the State concerned for Central Co-operative Bank of the District concerned.

x) The word committee means the Board of Directors of the Kannur Co-operative Urban Bank Ltd.

4. OBJECTS:

- i) To encourage thrift, self-help and co-operation among members.
- ii) To accept deposits of money from the public, repayable on, demand or otherwise and withdrawable by cheque, draft, order or otherwise, for the purpose of lending or investment.
- iii) To borrow or raise money.
- iv) To lend or to advance money either upon or without security to members and others as permitted by the Registrar.
- v) To draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bill of lading, railway receipts, warrants, certificates, scripts and other instruments and other securities whether transferable or negotiable or not.
- vi) To grant and to issue letters of credit, travellers cheques and Circular Notes.
- vii) To buy and to sell foreign exchange including foreign bank notes.
- viii) To acquire, to hold, to issue on commission, to underwrite and to deal in stocks, funds, shares, debentures, debentures stock, bonds, obligations, securities and investment of all kinds.
- ix) To purchase and to sell bonds, scripts, or other forms of securities on behalf of constituents.
- x) To receive all kinds of bonds, scripts, valuables on deposit or for safe custody or otherwise.
- xi) To provide safe deposit vaults.
- xii) To collect and transmit money and securities
- xiii) To negotiate loans and advances.
- xiv) To carry on and to transact every kind of guarantee and indemnity business on behalf of constituents.
- xv) To effect to insure, to guarantee, to underwrite, to participate in managing and carrying out any issue public or private, of State Municipal or other loans or of shares, stocks, debentures, debenture stock of any company, co-operative society, corporation or association and to lend money for the purpose of any such issue.
- xvi) To acquire, to construct, to maintain and to alter any building or works necessary or convenient for the purpose of the bank.
- xvii) To manage, to sell directly or by public auction and to realize any property possessed by the bank in satisfaction or part satisfaction of any of its claims.
- xviii) To open branches, extension counters and pay office, with the permission of the Registrar and the Reserve Bank of India within the area of operation of the Bank so as to provide banking services to the public.
- xix) To establish, to support, or to aid in establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit members, employee / ex-employees of the bank or the dependents or connections of such persons and to grant pensions.

- xx) To prepare and to finance schemes for amelioration of the financial condition of members.
- xxi) To provide financial and technical assistance to self- employed persons for setting up their own business.
- xxii) To enter in to participation arrangements / arrangements with any other bank or banks or financial institutions with the object of making loans and advances.
- xxiii) To do any other form of business as specified in clause (1) of section 6 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies)
- xxiv) To do all such other things as are incidental and conducive to the promotion or advancement of the objects and of the business of the bank.
- xxv) To undertake any other form of business which the Central or State Government may specify as a form of business in which it is lawful for a Co-operative Banking Institution to engage.
- xxvi) To grant Housing Loans and Vehicle Loans to the permanent employees of the bank as per subsidiary regulations approved by the Registrar.
- xxvii) To acquire, purchase or provide Computer Hardware, Software, Networking systems, Automated Teller Machines and to arrange Information Technology based devices, Web sites, e-mail services, S M S Banking and Net Banking products.
- xxviii) To enter in to participation arrangements with National Payment Corporation of India, Life Insurance Corporation of India and other approved public limited organizations to provide their products or service to the customers of the Bank.

5. FUNDS:

Funds may be raised by the following means:

- i) Shares
- ii) Entrance fees
- iii) Subscription
- iv) Deposits
- v) Loans, cash credits, overdrafts and advances
- vi) Donations, Grants and Subsidies
- vii) Any other means approved by the Registrar.

6. MAXIMUM BORROWING POWER:

The maximum borrowing power of the Bank shall not exceed 150 times of the paid - up share capital and reserves minus the Bad Debt reserves and accumulated losses

7. INDIVIDUAL MAXIMUM BORROWING POWER:

The individual maximum borrowing power of a member of the Bank shall not exceed Rupees 85 lakh at any time.

8. SHARES:

The Authorised Capital of the bank for the present shall be Rs.1000 lakhs made up of the following type of shares:

7, 00,000 'A' Class Shares of Rs.100/- each by persons which should be paid in full.

5,000 'B' Class Shares of Rs.1000/- each by Government and other body of persons approved by the Government.

5, 00,000 'C' Class Shares of Rs. 50 each by persons which should be paid in full on application.

9. MEMBERS:

There shall be three types of members in the Bank namely A, B and C Class. A and C class memberships are for individuals and B class for Government or anybody or persons whether incorporate or not and established by or under any law, if such body is approved by the Government in this behalf by general or special order. No person shall be admitted as a member of the bank unless:

- a) He/ she have applied in writing in the prescribed form of the bank.
- b) His/her application is approved by the committee of the bank and subscribed to and fully paid for at least one share of the bank.
- c) He/she have fulfilled the conditions laid down in the Act, Rules and Bye-laws.
- d) In case of other societies or a body of persons whether incorporated or not and any statutory or non-statutory board approved by the Government, committee or Corporation constituted for the development of any industry the application for membership shall be accompanied by a resolution authorizing it to apply for such membership.

No person shall be eligible for admission as a member of the Bank if he/she

1. Has not attained the age of 18 years.
2. Who is not of sound mind.
3. Is not a resident within or carrying on his profession in the area of operation of the bank and for C class members the whole of Kannur District
4. Has applied to be adjudicated as an insolvent or is an undischarged insolvent.
5. Has been sentenced for any offence other than an offence of a political character or an offence not involving moral turpitude and a period of five year has not elapsed from the date of expiry of the sentence or;
6. A paid employee of the bank or of its financing bank or any society for which it is the financing bank.
7. Has been surcharged under Section 68 of the Act and a period of 3 years has not elapsed since the payment of money or restoration of property as directed in the order of surcharge.
8. Has been removed under Section 16A of the Act and a period of one year has not elapsed from the date of such removal; or
9. Has been expelled under sub section (1) of Section 17 of the Act and a period of one year has not elapsed from the date of such expulsion.

10. NOMINAL MEMBER:

- i) Any person who is co-parcener or who desires to stand surety for a borrowing member of the bank or who desire to borrow occasionally for a temporary period against certain tangible securities such as gold and silver ornaments, life insurance policies, Govt. and other securities or a trader having, continuing deposit account with the bank and authorized trade license issued by the authorities ensuring adequate stock - in trade or a permanent employee of State Govt., Services, Local Bodies, Corporations, Boards, Aided Schools/Colleges, Co-op institutions on producing declaration along

with the salary certificate issued by the competent pay disbursing authority in token of agreeing to recover such dues from the salary of the respective employee on requisition as prescribed under section 37 of KCS Act 1969 may be enrolled as nominal member upon his application in prescribed form on payment of Rs 20/- as non-refundable admission fee provided he/she resides or is gainfully engaged in any occupation within the area of operation of the Bank.

- ii) The nominal member shall not be entitled.
 - a) For a share in the bank
 - b) To receive audited accounts and annual report.
 - c) To attend, to participate and to vote in the General Meeting and/or Special General Meeting of the Bank.
 - d) To any assets or profits of the bank.
- iii) A Co-operative society registered under any law shall not be eligible and as such shall not be admitted as a nominal member in terms of the provisions of this bye-law

11. ENTRANCE FEES:

Each 'A' class and 'C' class member shall pay an entrance fees of Rs.20/- irrespective of their share value.

12. 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 certificate shall be signed by the Chairman or any Director duly authorized and the Chief Executive Officer, the share certificate shall bear the bank's seal.

13. TRANSFER OF SHARES:

- i) A member may transfer his share or shares after holding them for not less than five years 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 Rs.20/- per share subject to a maximum of Rs.100/- is paid
- ii) Transfer of shares may be declined to a shareholder member if:
 - a) The member is indebted or is liable as surety to another member who is indebted to the bank.
 - b) The transferee does not fulfil the conditions prescribed under by-law (9).
 - c) The member requests for transfer of part of shares held by him.
- iii) If any certificate be worn out, defaced, destroyed or lost, a new share certificate may be issued in lieu thereof on payment of a fee of rupee five per share, to the maximum amount of Rs.100/- 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.

14. RESIGNATION, CESSATION AND EXPULSION OF MEMBER:

- i) A member may resign his membership and withdraw his capital with the approval of the Board of Directors. The approval shall not be given while such a member is indebted and within 5 years of his becoming a member of the Bank during any co-operative year the aggregate withdrawals should not

exceed 10 percent of the total paid up share capital as at 30 September of the preceding year, brought for payments under bye-laws 17 provided the real or exchangeable value of paid up share capital and reserves does not stand reduced to less than Rupees one lakh as per section 11(i) of the Banking Regulation Act,1949 (as applicable to co-operative societies) as a result of such withdrawals.

- ii) Where a person already admitted to membership is seen ineligible for membership at the time he/she was so admitted as a member or if he/she subsequently becomes ineligible for membership, the committee of the bank may remove the person from membership after giving an opportunity for making his/her representation if any, and the person concerned shall thereupon cease to be a member of the bank.
- iii) Where a member of the bank becomes ineligible to continue as such the Registrar may of his own motion or on a representation made to him by any member of the bank, or by the financing bank, by an order in writing declare that he was ceased to be a member of the bank from the date of his order. The Registrar shall give such person an opportunity to state his objection if any to the proposed action and if required to be heard, he shall be given an opportunity to be heard before passing an order as aforesaid.
- iv) Membership will cease :-
 - a) On death or dissolution or liquidation in case of firm or company or other corporate body.
 - b) On being adjudged as insolvent or legally disabled from continuing as a member.
 - c) On breach of any conditions prescribed under bye-law 9.
 - d) On transfer of all the shares.
 - e) On resignation or withdrawal of membership having been accepted.
- v) A shareholder member may be expelled as provided in section 17 of the Kerala Co-operative Societies Act and the Rules made thereunder. Shares held by an expelled member are liable to be forfeited.

15. NOMINATION:

A member may nominate a person to receive the member's interest in the Bank after his death. Nomination shall be made in the prescribed form and entered in the special register kept at the Bank's registered office. Prior approval of the Board shall be necessary if the person to be nominated is an employee of the bank. Nomination can be revoked and fresh nomination made any number of times after due intimation in writing to the bank and on payment of fee of rupees one for every subsequent nomination.

16. DEATH OF A SHARE HOLDER:

1. On the death of a shareholder member, the Bank shall transfer the share or interest of the deceased member to the person or persons nominated in accordance with the rules or the bye-laws, or, if no person has been so nominated to such person as may appear to the Board of Directors to be the heir or legal representative of the deceased member. Provided that such nominee, heir or legal representative, as the case may be, is admitted as a member of the bank.
2. Notwithstanding anything contained in sub clause

- i) Any such nominee, heir or legal representative, as the case may be, may require the bank to pay to him, the value of the share or interest of the deceased member ascertained in accordance with the rules or the bye-laws and the bank shall pay the amount to the nominee, heir or legal representative as the case may be within six months from the date of receipt of such requisition.
3. The amount representing the value of the share or interest of the deceased member payable to his nominee, heir or legal representative as the case may be, shall be the amount arrived at by a valuation based on the financial position of the bank as shown in the last audited balance sheet, provided that the amount so ascertained shall not exceed the actual amount received by the bank in respect of such share or interest.

17. LIABILITY OF A MEMBER:

10. The liability of shareholder shall be limited to the capital represented by the share or shares of which such shareholder is the registered share holder. The liability of a past shareholder, to the extent of shares as they existed at the time when he ceased to be a shareholder, shall continue for a period of two years from the date of cessation. The estate of the deceased share holder shall remain liable to the extent of sums due for a period of two years.

18. LIEN ON SHARES, DIVIDENDS AND DEPOSITS

- a) The bank shall have the first and paramount lien or charge upon all the shares, dividends and deposits of any member or past member for all moneys due from him to the Bank from time to time. The bank may at any times set off any sum credited by or payable to the member or past member towards payment of any liability of such member or past member.
- b) Any sum credited or payable to any member, past member or a person under suspense account shall be claimed within a period of five years, any such amount lying as unclaimed even after giving notice to the effect in writing shall be forfeited and shall be carried to the Reserve Fund of the bank with prior permission of the Joint Registrar.

19. GENERAL BODY:

- i) Subject to the provisions of the Act and Rules the final authority of the Bank shall vest in the General Body.
- ii) General meetings shall be of two kinds viz, Annual General Meeting and Special General Meeting.
- iii) The Annual General Meeting shall be called once on or before 30 September each year or within such period as extended by the Registrar.
- iv) The special General Meeting may be called at any time by the Board of Directors. It shall also be called on a written requisition made to the Chairman of the Board of Directors by one- fifth of the shareholders or on a requisition from the Registrar of Co-operative Societies.

20. BUSINESS OF THE ANNUAL GENERAL BODY MEETING:

The business of the Annual General Body Meeting shall be as under:

- i) To consider the Board of Directors Report on the working of the Bank for the preceding year, together with the audited statements of accounts including the balance sheet and profit and loss account for the year.

- ii) To sanction distribution of profits and to declare dividend at a rate not exceeding the rate recommended by the Board of Directors and prescribed in the Kerala Cooperative Societies Act and Rules; BR Act 1949 and in adherence to RBI guidelines issued from time to time.
- iii) To consider communications from Registrar and or Auditor relating to the annual audit.
- iv) To consider and approve the Budget for the succeeding year.
- v) To elect the members of Board of Directors.
- vi) To elect the delegates of the Bank to any other society of which the bank is a member.
- vii) To appoint an Auditor or Auditing firm from a panel prepared and approved by the Director of Co-operative Audit.
- viii) To appoint a departmental auditors under the control of Director of Co-operative Audit from among the panel prepared by him.
- ix) To consider any other subject of which proper notice has been given as prescribed with the permission of two-third of the members present at the Annual General Body Meeting any member may bring forward any subject which is not included in the agenda provided that the subject put forward does not relate to expulsion of a member or amendment to bank's bye-laws or reconsideration of a subject within six months.

21. BUSINESS OF SPECIAL GENERAL BODY MEETING:

The business of Special General Meeting shall be the business as stated in the notice of requisition only. No other business shall be transacted.

22. NOTICE-ANNUAL GENERAL BODY MEETING AND SPECIAL GENERAL BODY MEETING

- i) Notice of the Annual General Body Meeting together with the agenda of the meeting shall be sent to the registered address of each shareholder member at least 15 clear days before the date of meeting under Registered post or by publication of the date, time, place and agenda of the General Body meeting in two vernacular dailies having wide circulation in the area of operation of the Bank, in the notice board of the Bank at the Head Office and Branches, in the branches of the District Co-operative bank within the area of operation of the bank, in the Panchayat office, or the Regional or Head quarter of the Municipality or Corporation or Village office and also in the notice board of offices of the Assistant Registrar(General) and the Village, Block, Taluk level office of the functional Registrar's to whom the supervision is vested and the office of the Assistant Director (Audit) and the office of the Circle Co-operative Union within which the area of operation of the bank falls and in addition to the above said manner, the bank may inform the date of meeting by short message service of cellular phones or other computer devices or e-mails or local television channels or by exhibiting banners in the prominent places within the area of operation of the bank. In case of amendments of Bye-laws proposed, if any, a clear idea about the proposed amendments should be given in the above notice. Statements of accounts including the Balance Sheet and Profit and Loss Account and the report of the Board of Directors, should be given to the members through the Head Office / Branches of the Bank.
- ii) A special General Body Meeting must be convened within 30 days of receipts of requisition from 1/5th of the total members or from the Registrar of co-op. Societies. Notice calling the meeting shall

disclose the business contained in the notice of requisition and shall be the only agenda for the meeting. Notice shall be sent in the manner prescribed in clause 22(i) at least 15 days prior to the date of meeting.

- iii) It shall also state the place, date and time of holding of the adjourned meeting should it be necessary to adjourn in the absence of quorum.
- iv) Notice of the meeting shall be signed by the Chief Executive of the Bank.

23. QUORUM:

Fifty members or one fifth of the total number of shareholder members whichever is less, shall constitute a quorum for a General Body Meeting. No business shall be transacted at any meeting unless the quorum of members is present.

24. ADJOURNMENT OF AN ANNUAL GENERAL BODY MEETING AND DISSOLUTION OF A SPECIAL GENERAL BODY MEETING :

- i) In the absence of quorum within one hour after the time appointed for holding of a general meeting the meeting shall be adjourned for a period not exceeding 30 days from the date originally fixed. Notice for the adjournment should be published in the newspaper and notice board of the Bank / branches.
- ii) In the absence of quorum, within the time fixed for holding an adjourned general body meeting, the shareholder members present and entitled to vote shall form the quorum.
- iii) No business other than the business for which a general body meeting was called shall be transacted at an adjourned meeting.
- iv) Within half an hour after the time appointed for holding a special general body meeting, convened on requisition by shareholder members, a quorum is not present, the meeting shall be dissolved.

25. CHAIRMAN OF GENERAL BODY MEETING:

The Chairman of the Board of Directors shall preside over the General Meeting, in his absence, the Vice Chairman and in the absence of both a person elected from amongst the shareholder members present and entitled to vote shall preside over the meeting.

26. VOTING RIGHTS

- i) Each 'A' Class shareholder member shall have one Vote irrespective of the number of shares held, provided he/she must be an active member who have made a deposit or become a borrower or surety, or availed or purchased products or any other services made available by the bank as specified in the bye-laws.
- ii) Individual shareholder members shall vote in person while a firm or a company or any other body corporate constituted under any law for the time being in force or Government which is a shareholder member may appoint one of its partners, directors or officers to participate in the meeting and to exercise the right of vote.
- iii) The Chairman presiding over the meeting shall have a casting vote, in case there is equality of votes for and against any resolution.

27. RESOLUTIONS:

- i) Resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands unless a shareholder member demands a ballot in which case a ballot shall be taken forthwith.

28. MINUTES:

- i) Minutes of the General Meeting shall be made in the minute's book provided for that purpose.
- ii) Minutes of a meeting shall be approved by the Chairman who presided over the meeting on the same day and a copy thereof shall be filed with the Joint Registrar of Co-operative Societies of the District within seven days.

29. BOARD OF DIRECTORS:

1. The Board of Directors shall consist of not more than 13 Directors who shall be elected from among the 'A' class members. Of the 13 Directors, 1 seat shall be reserved for Scheduled Caste / tribe members, 3 seats for women member. 1 seat shall reserved for 'A' class member having deposits for more than Rs.10000/-. 2 seats shall be reserved for the members who possesses banking experience (at middle or senior management level) or with, relevant professional qualification, i.e., Chartered Accountants with bank accounting or auditing experience. The year shall begin from the date of election of the Committee and the term shall be for 5 years from the date of election. If Directors are not elected to the reservation seats of members who possesses banking experience (at middle or senior management level) or with relevant professional qualification ie., Chartered Accountants with Bank accounting or auditing experience, this seat may be filled by nomination from among the members who processes the above qualification and eligibility under bye-law as No.31 with the prior approval of the Registrar of Co-operative Societies.
2. Casual vacancy of an elected member of the committee shall be filled up by election in the manner provided in the Rules and if the term of the office of the committee is less than half of its original term, the casual vacancy of a elected member of the committee shall be filled up by the Co-option by the committee, out of the same class of members. In the case of nominated members the vacancies may be filled up by fresh nomination subject to the provisions of Rule 37.

30. CONSTITUTION OF THE BOARD OF DIRECTORS:

When a committee is constituted under Section 28 of the Act, the Returning officer shall inform the details of election to the State Co-operative Election Commission, forthwith, the election commission shall appoint a presiding officer to elect the Chairman and other office bearers. The presiding officer shall convene the committee within 7 days of election to the committee or before the expiry of the term of existing committee, whichever is earlier, and the committee so convened shall elect its Chairman and other office bearers as per Rule 43, and also by resolution authorize the officers concerned to take charge from the outgoing office bearers.

31. ELIGIBILITY FOR ELECTION AS DIRECTOR

- i) A shareholder member shall be eligible to be elected as a director only if he is a A class active share holder member of the bank for at least two continuous years prior to the date of election and should have maintained a deposit account with the bank for a continuous period of two years with a credit balance of not less than Rs.500/- This clause shall not apply in the case of member contesting in the two seats reserved for the members who possesses banking experience (at middle or senior

management level) or with relevant professional qualification i.e., chartered accountant with bank accounting or auditing experience.

- ii) A shareholder member shall not be eligible to be elected as a director
- a) if he is disqualified under section 28 or
 - b) Is a near relative of a paid employee of the Bank or
 - c) Is in default to the Bank or to any other society in respect of any loan or loans taken by him or loan in which he had stood surety, for such period, as is prescribed in the bye-laws of the society concerned or in any case for a period exceeding three months or is defaulter in the Bank or to any other society, or has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency such sentence not having been reversed or offence pardoned and a period of three years has not elapsed from the date of expiration of the sentence or
 - d) Is interested directly or indirectly in any contract made with the Bank or in any sale or purchase made by the Bank privately or in any auction or in any transaction of the Bank other than investment and borrowing involving financial interest if the contract or transaction is subsisting or if the contract, sale, purchase or transaction be not completed; or
 - e) Is employed otherwise than in an honorary capacity as legal adviser or as legal practitioner on behalf of the Bank or against the Bank which is a member of the former society; or
 - f) Is a paid employee of the Bank or any other society provided that the Registrar may by general or special order exempt any society or any person from the operation of this clause for such period to be specified by him in the order of exemption, or
 - g) Is of unsound mind, a deaf, mute or blind person or a leper, or is a minor or a nominal or an associate member.
 - h) Is an applicant to be adjudicated a bankrupt or an insolvent or an uncertified bankrupt or an undischarged insolvent; or
 - i) Is carrying the same business as is being carried on by the bank or
 - j) Is disqualified under any other provisions in the bye-laws of the bank or
 - k) Was member of the committee which has been superseded and a period of one year has not been elapsed from the date of suppression; or
 - l) Has been surcharged under section 68.

32. VACATION OF OFFICE BY A DIRECTOR:

1. Any member of a committee whether elected or nominated may tender his resignation to the Chairman of the Committee. The Chairman on receipt of a resignation shall within 7 days from the date of receipt thereof place it before the committee of the bank for consideration, if the member is an elected person or send it to the authority who nominated the member if he is a nominee. The resignation shall have effect only from the date of its acceptance by the committee or otherwise shall also be communicated to the member concerned.
 - a) Director shall be deemed to have vacated his office before the expiry of his term if;
 - i) He becomes a defaulter either as a borrower or as a surety

- ii) He resigns and his resignation is accepted and / or ceases to be a member
- iii) He remains absent for three consecutive meetings of the Board without obtaining leave of absence.
- iv) He is adjudged insolvent or incurs legal disability
- v) He accepts a position of profit in the Bank.

33. VACANCY IN THE BOARD OF DIRECTORS:

1. Vacancies in the Board of Directors occurring through death, removal, resignation or any other reasons shall be filled by fresh election as provided for in the rules framed under the Act.
2. Casual vacancy of an elected member of the committee shall be filled up by election in the manner provided in the Rules and if the term of the office of the committee is less than half of its original term, the casual vacancy of a elected member of the committee shall be filled up by nominations by the committee, out of the same class of members. In the case of nominated members the vacancies may be filled up by fresh nomination subject to the provisions of Rule 37.

34. MEETING OF THE BOARD OF DIRECTORS AND NOTICE OF THE MEETING:

- i) The Committee shall meet as often as is necessary to transact business, but it shall meet at least once a month. Notice of a meeting of the Board of Directors together with the Agenda of the meeting shall be sent to all the Directors at least seven days prior to the date of the meeting. If deemed necessary detailed notes on the agenda items shall also be sent to the Directors.
- ii) In case of urgency, where there may not be sufficient time to convene a meeting of the Committee, the Chief Executive Officer may obtain the orders of the Committee by circulation of papers among the members, such decision arrived at by circulation shall be placed before the next meeting of the Committee for their information. Should any difference of opinion arise in the course of such circulation the matter shall not be decided by circulation, but shall be placed before the next meeting of the Committee.

35. QUORUM:

Seven Directors shall form the quorum of the Committee meeting.

36. POWERS OF THE BOARD OF DIRECTORS:

- i) To consider application for A & B class membership, allotment, transfer of shares, resignation and ratification of C class shares and Nominal shares.
- ii) To raise with or without security, loans, overdrafts and cash, credits within the maximum limit of borrowing fixed by the General Body of the Bank and to approve the terms and conditions of such borrowings.
- iii) To approve the annual balance sheet, statement of profit and loss account and other statements for being placed before the members at the annual general meeting.
- iv) To arrange and to consider application for loans and advances and discounting of bills and to determine the terms and conditions thereof.

- v) To enter into participation arrangements with any commercial or co-operative bank and financial corporation for the purposes of loans and advances and to determine the terms and conditions of participation. This power shall not be delegated to any committee, office bearer or officer.
- vi) To consider cases of arrears and defaults of loans, overdrafts, advances and cash credits due from constituents and approve the action to be taken for recovery of the same.
- vii) To consider the proposal to modify, alter, delete and add to the terms and conditions governing the outstanding loans, overdrafts, cash credits and advances due from constituents.
- viii) To approve investment of monies belonging to the bank in Government and other trustee securities, deposits and other approved securities.
- ix) To approve purchase, sale and / or pledge of Government and trustee securities and other approved securities on behalf of the bank and to delegate jointly to any one of the directors and / Chief Executive Officer powers for the purpose of purchase, sale and / or pledge as the case may be.
- x) To consider proposals for opening branches.
- xi) To fix the rate of interest on loans and deposits according to the direction of RBI.
- xii) To refer any dispute by or against the bank to the Registrar or to any other officer duly appointed for this purpose.
- xiii) To institute, defend, conduct, compromise, abandon or withdraw any legal proceedings by or against the bank or the committee or its officers or employees.
- xiv) To approve appointment of brokers and agents and fix their remuneration.
- xv) To consider proposals for creating posts of officers and junior and other staff of the banks establishment and to frame rules prescribing in the procedure for filling the vacancies either by direct recruitment, of which at least 10% shall be made from persons belonging to SC/ST or by promotions from existing members of staff with the approval of the Registrar of Co-operative Societies.
- xvi) To appoint a Chief Executive Officer for efficient conduct of the Bank's business and to fix his remuneration and to frame rules governing the disciplinary action against erring employees, including the Chief Executive of the Bank
- xvii) To consider payment of compensation, advance rent or long term advance with or without security for the purpose of securing premises for the Bank's offices on lease or tenancy basis.
- xviii) To prepare annual budget estimate within which the Chief Executive Officer may incur expenditure for proper and efficient working of the bank.
- xix) To accept deposits of all kinds and types.
- xx) The Board of Directors may appoint a sub-committee or committees and a Branch committee or committees consisting of not more than five directors, including the Chairman and delegate to any such committee such powers as it may deem fit. The Chairman of the Board of Directors shall be the Chairman and Chief Executive Officer shall be the convener of such committee or committees appointed by the Board of Directors.
- xxi) To arrange for election of Directors of the Board.
- xxii) To open banking accounts, with any bank or financial institution and to authorize officers of the bank to deal with the same.

- xxiii) To secure membership or affiliation to appropriate institutions.
- xxiv) To establish and support the provident fund scheme for the benefit of the staff.
- xxv) To nominate representative of the Bank on the various committees, general body meetings whenever necessary and for attending conferences, seminars, etc.
- xxvi) To perform all acts connected with the administration of the Bank and to undertake activities and business in furtherance of the aims and objects of the Bank.

37. ACTS DONE IN GOOD FAITH

All acts done in good faith by the Board of Directors or any person acting as a member of the Board shall notwithstanding that it is afterwards discovered that there were some defects in the appointment of such Board of Directors or person be as valid as if the Board or every such person has been duly appointed.

38. MINUTES:

The minutes of the meeting of the Board of Directors, the committee or sub-committees shall be recorded in the minutes book, the pages of which shall be duly numbered or prepared through computer software, and hard copy and soft copy must be kept in safe custody of the General Manager. The minutes shall be signed by the Chairman of the Meeting and the Chief Executive officer of the bank.

39. CHAIRMAN:

The powers and duties of the Chairman shall be as under:

- i) To preside over the General Meeting, meeting of the Board of Directors, Sub Committee Meetings and Meetings of any other committee.
- ii) To supervise general working of the bank.
- iii) The Chairman will be given honorarium at monthly rate as prescribed by the Registrar from time to time.

40. CHIEF EXECUTIVE OFFICER:

The powers and duties of Chief Executive Officer who will be responsible to the Board of Directors will be as under:

- i) To take action on the resolutions and decisions taken by the General Body and Board of Directors.
- ii) To convene the meeting of the General Body, Board of Directors, Sub-committees, Staff committee or any other Committee and to attend and to record the minutes of all meetings in the minutes book and to countersign the same along with the Chairman of the meeting.
- iii) To conduct correspondence on behalf of the Bank.
- iv) To maintain all books of account, registers and ledgers as may have been prescribed under the Co-operative Societies Act, Rules and Bye-laws.
- v) To receive applications for membership to the Bank and for additional shares and place them before the Board of Directors with his report and recommendations.
- vi) To receive applications for enrollment of C class and nominal members and pass orders thereon and submit to the ratification of the Board of Directors.

- vii) To receive applications for loans and to place them for consideration before the Board of Directors together with a detailed report containing his specific comments/recommendations.
- viii) To accept deposits of all kinds and types and to arrange for issue of receipts, statements and pass books.
- ix) To disburse moneys on behalf of the bank.
- x) To be the overall custodian of cash, properties both movable and immovable documents, securities and bonds etc.
 - a) To arrange joint custody of cash, securities, valuables and documents at the Head office and Branches by the officers authorized by the Board of Directors from time to time.
 - b) To arrange for the issue of receipts for money received at the Head Office and the Branches by the officers authorized by the board of Directors from time to time
 - c) To arrange the issue of various loans by the officers at the Head Office and Branches authorized by the Board of Directors from time to time.
 - d) To arrange to issue deposit receipts by the officers at the Head Office and Branches authorized by the Board of Directors from time to time.
 - e) To arrange for the operation of the Bank Accounts with other Banks by the officers at the Head Office and Branches authorized by the Board of Directors from time to time.
- xi) To seek orders from the Board for appointment of staff sub-ordinate to him within the sanctioned strength, on such scales of pay and allowances as may have been sanctioned by the Board of Directors from time to time with the approval of Registrar of Co-operative Societies.
- xii) To allot work amongst the Bank's staff and supervise their work
- xiii) To take disciplinary action against the Bank's staff in accordance with the service Rules
- xiv) To issue orders of transfer of staff whenever necessary
- xv) To pass orders on leave applications traveling allowance bills, medical bills, pay bills and other permissible bills of the staff.
- xvi) To incur expenditure within the budget approved by the Board of Directors.
- xvii) To arrange for investments of moneys in accordance with the Board's policy and to report the same to the Board of Directors in their next meeting.
- xviii) To exercise such other powers and discharge such other duties as may be delegated or entrusted to him by the Board of Directors or by the Chairman.

41. LOANS AND ADVANCES :

Loans, cash credits and / or overdrafts on current accounts may be granted to members on security or securities mentioned below or other security or securities approved by the Board of Directors as without security subject to the directives issued by Reserve Bank of India from time to time relating to loans and advances of the bank.

- i) Personal security and/ or surety/ sureties of other member/ members and or nominal member/ nominal 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, share of approved companies, debentures and fixed deposits with the Bank.
- 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) Loans will be given to permanent employees of the Bank after framing subsidiary rules and subject to the approval of the same by Joint Registrar.
- x) 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 purpose.

42. LINKING OF SHARE HOLDING WITH LOAN LIMITS:

- a) A borrower should hold shares at 5 percent of his borrowings if such borrowing are on an unsecured basis i.e., in the form of clean overdrafts, loans against one or two personal sureties and purchased / discount of clean bills and cheques.
- b) A borrower against tangible securities should hold share of the Bank to the extent of 2.5 percent of his borrowings from the Bank.
- c) In the case of loans for small-scale industrial unit granted on security basis the linking of share capital might be fixed initially at one percent of the borrowings, to be raised in the course of the next two years to 2.5 percent. The total amount of share capital held by a member will, however, have to be within the limits laid down under the Co-operative Societies Act.

43. DEPOSITS:

- i) Deposits may be received at any time within the limits determined under the Co-operative 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 this behalf from time to time.
- ii) Deposits may be received on current, saving, fixed, recurring, and cumulative and under any other special schemes.

44. APPROPRIATION OF PROFITS:

- i) The bank shall, out of its net profit in any year.
 - a) Transfer an amount not less than 25% of the net profit to the Reserve Fund.
 - b) Credit such portion of net profits, not exceeding 5% as may be prescribed in the rules of the Co-operative Education fund as referred under the section 109 of the Act.
 - c) Transfer an amount of not exceeding 5% of the net profit to the Professional Education Fund.
 - d) Transfer an amount of 10% of the net profit subject to a maximum of Rs.One Lakh as contribution to the Co-operative member relief fund

- ii) The balance of the net profit may be utilized for all or any of the following purpose.
- a) Portion of dividend to the members on their paid up share capital on such rate not exceeding 25%.
 - b) Contribution to bad debts reserve.
 - c) Contribution to building fund.
 - d) Donations not exceeding 1% of the profit to any charitable purpose as defined in the Charitable Endowment Act 1890
 - e) Payment of Bonus to employees of the Bank to the extend and in the manner specified in the Bonus Act 1965. The balance if any after appropriation as above shall be carried to Reserve fund.

45. RESERVE FUND:

Reserve fund shall belong to the Bank as a whole and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to the share in it. It may be drawn upon only with the special sanction of Registrar to meet unforeseen losses incurred. The Bank shall invest or deposit its reserve fund in the central co-operative bank of the district or in trustee securities as approved by the Registrar.

46. DIVIDEND:

- i) The dividend declared shall be paid to the person whose name stands as the registered A, B and C class shareholder in the books of the bank 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) Dividend shall be payable at par at the bank's head office as well as the branches.
- iv) Any dividend remaining undrawn for three years after having been declared shall be forfeited and shall be carried to the Reserve fund of the bank.
- v) Unpaid Dividend shall be payable on application provided the same has not been forfeited.

47. ACCOUNTS AND RECORDS:

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

48. AUDIT:

The accounts of the bank shall be audited by auditors or auditing firm appointed by the General Body of the bank from a panel prepared and approved by the Director Co-operative audit and also cause it to be completed and certified by the authority concerned, within a period of six months from the close of the year to which the audit relates, and in any case before the issuance of Notice for the holding of annual general body meeting and shall lay such audit report before the annual general body.

49. SEAL:

The bank shall have a common seal which will remain in the Custody of the Chief Executive and shall be affixed in the presence of a Director and the Chief Executive as per a specific resolution of the Board of Directors.

50. AMENDMENT TO BYE LAWS:

None of these bye-laws shall be added to, amended altered or rescinded, except by a vote of the majority consisting of not less than two-thirds of the members present and voting at a General Meeting.

Any addition, amendment, alteration or rescission resolved upon at such meeting shall take effect from the date of receipt of the Registrar's approval in writing.