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F. No. L-11016 /06/2021 -L&M (e)
Government of India
Ministry of Cooperation
(Office of Central Registrar of Cooperative Societies)

Krishi Bhavan, New Delhi.

CERTIFICATE OF REGISTRATION

In pursuance of the provisions of the Multi State Cooperative Societies Act, 2002, a Bank by the name of **"The Bhuj Mercantile Cooperative Bank Ltd., Vyapar Bhawan, mithakhali 6 Roads, Ahmedabad-380006(Gujarat)"** has been registered as a Multi-State Cooperative Bank by conversion, under section 22 of the Multi State Cooperative Societies Act, 2002 (39 of 2002) and the rules framed thereunder. The Registration Number of the Bank is **MSCS/CR/1325/2022**. The area of operation of the Bank shall be confined to the **semi-urban/urban centers urban agglomeration areas and peripheral rural areas upto 10 kms. from the boundaries of these areas within the district of Kutch, Ahmedabad, Surendranagar, Gandhinagar, Rajkot, Patan & Anand in the State of Gujarat. Also, Ahmedabad and Surendranagar District of Gujarat Shall be fully covered including all the villages and Greater Mumbai and other area covered under Mumbai Metropolitan Region (MMR) covering the district of Mumbai City (Complete), Mumbai suburban (Complete), Thane (Complete), Palghar (Partial) and Raigad (Partial) from Maharashtra State.** The objects and functions indicated in the bye-laws shall be subject to RBI guidelines and the bank will also follow all guidelines/rules/regulations issued by RBI from time to time.

The Bye-laws filed by the Bank have also been registered.

Given under my hand and seal this the **21st** day of **March, 2022**.



Ujjay Kumar
(VIJAY KUMAR)

Central Registrar of Cooperative Societies

To,

The Chief Executive Officer,
The Bhuj Mercantile Cooperative Bank Ltd.,
Vyapar Bhawan, Mithakhali 6 Roads,
Ahmedabad-380006(Gujarat).

(...Contd.)

**BYE- LAWS OF
THE BHUJ MERCANTILE
CO-OPERATIVE BANK LTD.,**

**(A Multi-State Bank)
AHMEDABAD (GUJARAT)**

(Approved as on 21-03-2022)
(1st Amended on 20-12-2023)
(2nd Amended on 02-03-2026)

-: Registered Office: -

**"VYAPAR BHAVAN, MITHAKHALI SIX ROADS
AHMEDABAD, 380006
Gujarat India.**



BYE-LAWS OF THE BHUJ MERCANTILE CO-OPERATIVE BANK LTD, AHMEDABAD

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1 NAME:

The Bank shall be called as THE BHUJ MERCANTILE CO-OPERATIVE BANK LTD.

2 REGISTERED OFFICE:

The Bank shall have a principal place of business which shall be the Registered Office of the Bank. The Registered Office and Head Office of the Bank shall be at "Vyapar Bhavan, Mithakhali Six Roads, Ahmedabad, Gujarat State, Pin - 380006."

e-mail address of the bank is headoffice@bhujbank.com

Any change in address shall be notified to the Central Registrar within 15 days of its change and also published in local newspaper and shall be made by an amendment of its Bye-laws after following the procedures laid down in Section 11 of the Multi-State Co-op. Societies Act, 2002.

3 AREA OF OPERATION:

a) The area of operation of the Bank shall be inclusive of the following

- I. All semi-urban/urban centers urban agglomeration area and peripheral rural areas upto 10 Kms. from the boundaries of these areas within the district of Kutch, Ahmedabad, Surendranagar, Gandhinagar, Rajkot, Bharuch, Patan & Anand in the State of Gujarat. Also, Ahmedabad and Surendranagar District of Gujarat Shall be fully covered including all the villages.
- II. Greater Mumbai and other area covered under Mumbai Metropolitan Region (MMR) covering the district of Mumbai City (Complete), Mumbai suburban (Complete), Thane (Complete), Palghar (Partial) and Raigad (Partial) from Maharashtra State.
For any revision in this regard, prior approval of the Central Registrar shall be necessary.

b) The Bank is body corporate which can sue and be sued in its name.

4 DEFINITIONS:

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

- I. "Act" means the Multi State Co-operative Societies Act, 2002 as amended from time to time;
- II. "Rules" means the Multi State Co-operative Societies Rules, 2002 made under Multi State Co-operative Societies Act, 2002 and as amended time to time;
- III. (d) "Central Registrar" means the Central Registrar of Cooperative Societies appointed as per clause (f) of article 243ZH of the Constitution read with sub-section (1) of section 4 and includes any officer empowered to exercise the powers of the Central Registrar under sub-section (2) of that section;
- IV. "Bye-laws" means the Bye-laws of the Bank for the time being in force which have



been duly registered or deemed to have been registered under the Multi State Co-operative Societies Act in force and includes amendments thereto which have been duly registered or deemed to have been registered under the Act;

- V. "Delegate" means a person who is duly appointed/elected by the Members of the Bank or part thereof in accordance with its Bye-laws as its representatives to the General Body of the Bank or a person who is duly authorized by the Board of the Bank to represent the Bank in General Body of the Bank of which the Bank is a member;
- VI. "General Body", means all the Members of the Bank and includes a body constituted under the provisions of the Act;
- VII. "Board" means the Board of Directors of the Bank;
- VIII. "General Meeting" means a Meeting of the General Body of the Bank and includes Special General Meeting;
- IX. "Chief Executive" means Chief Executive Officer of the Bank and includes in charge CEO
- X. "Person" means an adult individual competent to contract under Indian Contract Act 1872, proprietary concern, partnership firm, AOP (Association of Person), Limited Liability Partnership (LLP), Joint shareholder, 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, Central Government, local authority, Trust registered under any law for the time being in force;
- XI. "Officer" means a Chairman, Vice-Chairman, Secretary, Chief Executive Officer, Chief General Manager, General Manager, Deputy General Manager, Assistant General Manager, Chief Manager, Senior Manager, Manager, Manager (Credit), Manager (functional), Asst Manager, Members of the Board, Treasurer, Liquidator, an Administrator appointed under Sec. 123 and includes any other person empowered under Multi State Co-operative Societies Act or the Rules or the Bye-laws to give direction in regard to business of the Bank;
- XII. "Functional Director" means and includes any heads of the Departments of the Bank who will be whole time officers of the Bank nominated by the Board of Directors;
- XIII. "Member" means a person who is admitted as Member, nominal member, or associate member of the Bank and continues to be so for the time being and includes existing members of the Bank;
- XIV. "Nominal Member" means a person who has been admitted as a nominal Member or associate Member under the Bye-law of the Bank;
- XV. "Multi State Co-operative Society/Bank" means a co-operative society registered or deemed to be registered under the Multi-State Co-operative Societies Act 2002;



BYE-LAWS OF THE BHUJ MERCANTILE CO-OPERATIVE BANK LTD, AHMEDABAD

- XVI. "National Co-operative Society" means a Multi-State Co-operative Society specified in the second schedule to the Multi-State Co-operative Societies Act, 2002; "Co-operative Society" means a co-operative society registered or deemed to be registered under any law relating to co-operative societies for the time being in-force in any State or Union Territory;
- XVII. "Federal Co-operative" means a federation of co-operative societies registered under the MSCS Act 2002 and whose Membership is available only to a Co-operative Society or a Multi-State Coop. Society;
- XVIII. A "Co-operative Bank" means a Multi-State Co-operative Society registered or deemed to have been registered under the relevant laws of Co-operative Societies Act and carries on Banking business as contemplated under the provisions of Banking Regulation Act 1949;
- XIX. "Reserve Bank" means the Reserve Bank of India constituted under the RBI Act 1934 (2 of 1934);
- XX. "Central Government" means the Government of India;
- XXI. "Deposit Insurance Corporation" means the Deposit Insurance & Credit Guarantee Corporation established under Sec. 3 of the Deposit Insurance Corporation Act 1961;
- XXII. "Defaulter" means a member who has defaulted in payment of any kind of dues payable to the Bank;
Any Person/ AOP (Association of Person) / Firm / Company / Trust along with his relative or its proprietor, its partners, its directors, members, trustees, or authorized signatory(ies) of other persons who had not paid the dues in time, presently or in the past,(Installments, interest including penal interest) to any Co-operative Society or the co-operative bank including this bank or any banking company as defined under the Banking Regulation Act, 1949, and whose Account is or was earmarked as overdue is called "Defaulter".
- XXIII. "financial Year" means the period from 1st of April to 31st March;
Note:-"Co-operative Year" shall mean to be "financial year" wherever it is mentioned in the bye-laws.
- XXIV. "Area of Operation" means the area from which the persons can be admitted as Members of the Bank;
- XXV. "Co-operative Principles" means the co-operative principles as specified in the first schedule of the Multi-State Co-operative Societies Act, 2002;
- XXVI. "Bank" means THE BHUJ MERCANTILE CO-OPERATIVE BANK LTD, AHMEDABAD;
- XXVII. "Prescribed" means prescribed by Rules;
- XXVIII. "Sub Committee" means sub-committee of the Bank formed in accordance with the provision in the Bye-laws and provision of section 53 of Multi State Co-operative



Societies Act 2002;

- XXIX. "Employee" means an individual who is engaged in the employment of the Bank under contractual relationship with the Bank as an employer;
- XXX. "Active Member" means member who participates in the affairs of the Bank and utilizes the minimum level of services or products of the Bank as may be prescribed in the Bye-Law No. 18(d)

5 OBJECTS AND FUNCTIONS:

a) Objects:

- I. To encourage thrift, self-help and Co-operation among the members.
- II. The principal object of the Bank will be to promote the interests of all its members to attain their social and economic betterment through self-help and mutual aid in accordance with the co-operative principles;
- III. To serve interests of Members in more than one State;

b) Functions:

In furtherance of the above objects, the Bank may undertake all activities including following:

1. To accept deposits of money from the public including from any person, company, firm, AOP (Association of Person), Trusts, LLP and all legal entities and Members repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise for the purpose of lending or investment;
2. To borrow or raise money or funds;
3. To lend or to advance money either upon or without security to Members and others as permitted by Reserve Bank of India and as per the provision of MSCS Act 2002;
4. To draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, certificates, scrip and other instruments, Government and other securities, debt mutual funds, other securities permitted by RBI from time to time, whether transferable or negotiable or not;
5. To grant and to issue Bank guarantee, letters of credit, travelers' cheques and circular notes;
6. To buy and sale Gold, Silver, bullion and other species and foreign exchange including foreign Bank notes and to undertake full-fledged foreign exchange business as well as Crypto Currency Trading / Exchange business with the permission of RBI;
7. To acquire, to hold, to issue on commission to underwrite and to deal in stocks, funds, shares, debentures, bonds, obligations, securities and investment of all kinds;
8. To purchase and to sell bonds, scrips, or other forms of securities;



9. To receive all kinds of bonds, scrips, valuables for deposit or for safe custody or otherwise;
10. To provide safe deposit vaults and ancillary services;
11. To collect and transmit money and securities;
12. To negotiate loans and advances;
13. To carry on and to transact every kind of guarantee and indemnity business;
14. To acquire, to construct, to maintain and to alter any building or works necessary or convenient for the purposes of the Bank;
15. To manage, to sell and to realize any property which may come into the possession of the Bank in full satisfaction or part satisfaction of any of its claims;
16. To open branches, extension counters and offices, ATM centers, any other offices with the permission of the Reserve Bank of India wherever necessary within the area of operation of the Bank so as to provide Banking and allied services;
17. To acquire, to manage and to undertake the whole or part of the business of any other co-operative Bank / Society with the prior permission of the Reserve Bank of India and the Central Registrar;
18. To prepare and to finance schemes for betterment of the financial condition of the Members;
19. To provide financial and technical assistance to Small Scale and Cottage Industries and to help self-employed persons for setting up their own business;
20. To enter into participation, consortium, arrangement / arrangements with any other Bank or Banks or financial institutions with the object of making loans and advances with the permission of the Reserve Bank of India wherever necessary;
21. 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);
22. To act as agents for collection of moneys of various Government, Quasi-Government and Statutory Bodies;
23. To Grant loans to Co-operative Housing Societies for temporary period pending reimbursement from the any Co-Operative Housing Finance Society Ltd., LIC, Government, Semi-Government Institutions or other financing agencies and/or to grant loans to such societies as may be permitted by the Reserve Bank of India;
24. To promote one or more subsidiary institutions which may be registered under any law for the time being in force for furtherance of its stated objects;
25. To act as corporate agent or referral agent for selling/ distributing life as well as non-life insurance products under tie-up arrangements with any IRDA approved insurance company and within the framework of RBI guidelines for members and public;
26. To do all such other things as are incidental and conducive to the promotion or advancement of these functions and of the business of the Bank;
27. To open, establish, maintain and operate Currency Chest and small coins depots on such terms and conditions as may be required by the Reserve Bank of India and enter into all administrative or other arrangements for undertaking such functions with the



Reserve Bank of India;

28. To undertake and to do business of distribution of units of Mutual Funds, New Fund Offerings (NFOs) etc. to the Members and general public;
29. To undertake and to do business of providing depository services such as dematerialization of shares, securities etc to the Members and general public;
30. To provide all financial, technical, legal data base services, computer based and allied advisory services to Members, depositors, customers, public institutions, Banks and associate concerns;
31. To engage in the business of Debit/Credit Card with the permission of Reserve Bank of India;
32. To securitize assets with Asset Reconstruction Companies / National Housing Bank or any other organization as may be permitted by the Reserve Bank of India from time to time;
33. To meet social obligations, give donations to various organizations for betterment of the society within the limit as specified by Reserve bank of India from Time to time;
34. To develop and build Brand Image of the Bank and to do all such things incidental to build Bank's brand/image;
35. To establish, to support, or to aid in establishment and support of associations, institutions, funds trusts of members, employees/ex-employees of the bank or their dependents or connection of such persons and to grant pension and allowances and making payment to towards Insurance; subscribing to or guaranteeing monies for charitable or benevolent object or exhibition or for any public general or useful objects and to undertake and execute trusts, undertake administrations of estates as executor; trustee or otherwise as permissible under BR Act 1949; RBI Act 1934 and MSCS Act 2002.
36. To effect, to insure, to guarantee, to underwrite, to participate in managing and carrying out any issue, whether public or private, of shares, stocks, bonds, debentures, debenture stocks or other loans of any state, Municipal Corporation, company, co-operative society, corporation or association and to lend money for the purpose of any such issue.
37. To do merchant Banking, portfolio management, to act as a depository participant for Demat services, to act as an approved person of any repository for e-insurance services and to provide ASBA facility as a Banker to an issue.
38. To merge, take over; acquire Banks, co-operative societies with similar objects with the permission of the Reserve Bank of India
39. To hire the service of technical personnel and professionals and to give advice and financial assistance to members who are businessmen, craftsmen, agriculturists, industrialists for respective activities.
40. To undertake any other form of business which the RBI or Government may specify as a form of business in which it is lawful for a co-operative banking institution to engage.
41. To act as agent for the mutual funds as allowed by RBI guidelines/ frame work;



42. deleted;

43. deleted;

6 CAPITAL AND FUNDS:

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

- I. Admission fee;
- II. Share capital and premium;
- III. Preference Shares as allowed from time to time;
- IV. Loans, overdrafts and advances, Refinance, Line of Credit and other Borrowings;
- V. Deposits;
- VI. Grants-in-aid;
- VII. Donations, subsidies and Gifts;
- VIII. Contributions from ordinary members;
- IX. Profit;
- X. Dividend, Interest, Rent, Service Charges, Commission;
- XI. Subsidy;
- XII. Floating secured/Unsecured Bonds;
- XIII. Refinance or rediscounting facilities from other financial institutions;
- XIV. External Commercial Borrowings;
- XV. Issue of convertible / non-convertible debentures or other instruments;
- XVI. Long term Deposit with the permission of RBI;
- XVII. By floating various schemes like certificate of Deposits, Commercial Papers, Debentures, Bonds, Mutual Funds by Creating Asset Management Company or by floating subsidiary companies.
- XVIII. Issuing other monetary instruments or special purpose vehicle, as may permitted by RBI from Time to time.
- XIX. Any other means as may be permitted by Reserve Bank of India and/or Central Registrar from time to time.

7 MAXIMUM BORROWING CAPACITY:

- a) Bank may receive deposits, raise loans, and receive grants from external sources, provided that total amount of loans received during any financial year shall not exceed such multiples as may be determined by the Central Government of the sum of subscribed share capital plus accumulated reserves, minus accumulated losses, if any, till such limit determined by the Central Government, such limit shall be considered as "Ten Times";



- b)** Subject to provisions of sub-section (1) of Sec.67 of Act, Bank may accept funds or borrow funds for the fulfillment of its objects on such terms and conditions as are mutually contracted upon;
- c)** Bank may issue non-convertible debentures or other instruments subject to the provisions of any law for the time being in force to raise resources for the fulfillment of its objectives to the extent of twenty- five per cent of its paid-up share capital and reserves.

8 AUTHORIZED SHARE CAPITAL AND SUBSCRIPTION OF SHARES:

a) AUTHORISED SHARE CAPITAL:

The authorized share capital of the Bank will be Rs. 2,00,00,00,000/- [Rs. Two Hundred Crores Only] divided into 2,00,00,000/- [Two Crores Only] shares of Rs 100 each and shall be subscribed by the Members;

b) SUBSCRIPTION OF SHARES:

- I. A Member shall subscribe to minimum of One [1] number of shares. Presently Bank is not accepting any Admission fees from ordinary members.
- II. No Member other than the authorities referred in the clause (c) to (g) of sub sec (1) of section 25 of MSCS Act 2002 shall hold more than 1/5 of the total subscribed share capital of the Bank;
- III. Manner of allotment, transfer, redemption and/or repatriation shall be as per the provisions of the Act.

9 MEMBERSHIP:

a) ELIGIBILITY:

A Bank shall have following categories of Members; either individually or jointly; -

- I. Ordinary Members;
- II. Nominal or Associate Members;

Who can be ordinary Members?

- (i)** Any person who resides or engaged in any occupation, vocation, profession or business within the area of operation of the Bank and whose interest does not conflict with the interest, business, occupation of the Bank can be an ordinary member of the bank but person who holds money lending license shall not be eligible to become member.
- (ii)** No person shall be admitted as a Member of the Bank except the following namely:
 - a.** An individual of minimum 18 years and competent to contract under section 11 of the Indian Contract Act 1872;
 - b.** The Central Government;
 - c.** A State Government;



- d. The National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962;
 - e. Any other corporation owned or controlled by the Government
 - f. Any Government company as defined in section 617 of the Companies Act, 1956;
 - g. Such class or classes of persons or association of persons as may be permitted by the Central Registrar having regard to the nature and activities of a multi-State Co-operative Society.
 - h. Any other person as defined under Bye-laws 4 (x).
- (iii) No right of Membership shall be exercisable until a person has made such payments to the Bank in respect of Membership together with the admission fees, if any, not exceeding Rs. 10/- or as decided by the Board from time to time or acquired such interest in the Bank as may be prescribed by the Bank in its Bye-laws as per the provisions of the Act and Rules.

b) APPLICATION:

- I. The application for Membership of the Bank shall be submitted by the applicant to the Bank in the prescribed form. To become a member a person has to make specified payment for the same along with Admission fee as specified in Bye-Law No. 8 or 9.
- II. On receipt of the duly filled in prescribed application form from the applicant for membership of the Bank, the particulars furnished therein will be verified by the Bank and having fulfilled all conditions laid down in the Act, Rules and these bye laws. The application shall be disposed off either by the Board of Directors or by the Advance Committee or any officer, appointed by the Board, as per powers given to it by the Board and the applicant having subscribed by making specified payment towards at least 1 share of Rs.100/- be admitted as a member of the Bank.
- III. Every application for admission as a member of the Bank may be disposed off by the Bank within a period of four months from the date of receipt of the application and the decision of the Bank on the application shall be communicated to the applicant within fifteen days from the date of such decision, provided that if the application is not disposed off within the period aforesaid and the decision is not communicated within a period of fifteen days of the expiry of the aforesaid period of four months, the bank shall be deemed to have made a decision, on the date of expiry of such period, refusing admission to the applicant.
- IV. Bank shall not admit members except for giving loans within 30 days prior to date of meeting of general body as per Rule 11(5) of MSCS Rules 2002.

c) CONDITIONS FOR ORDINARY MEMBERSHIP:

An applicant will be enrolled as ordinary Member upon fulfilling the following conditions:

- I. He has applied in writing in the prescribed format;



- II. He has paid admission fee, if any, as per Bye-Law No.9(a)(III) and subscribed for at least One (1) share of the bank.
- III. He has given a declaration that he is not a member of any other similar co-operative Bank;
- IV. He has fulfilled all other conditions laid down in the Act, the Rules and the Byelaw;
- V. The Board of Directors of the Bank approves the application to admit as a member;

10. RESTRICTIONS:

- a) No right of the membership shall be exercisable until a person has made such payments to the Bank in respect of membership or acquired such interest in the Bank as may be prescribed by the Act or Rules.
- b) The Board of Directors shall have powers to reject the application for membership or transfer of shares.

11. NOMINAL OR ASSOCIATE MEMBER:

- I. Bank may admit any person as nominal member of the bank who
 - wish to avail loan from bank;
 - desires to stand as guarantor to the borrower;
 - wish to avail locker facility;
 - wish to avail any other service or advise the bank
- II. Nominal member shall be admitted as nominal member upon his application in the prescribed form on payment of entrance fee, if any, not exceeding Rs. 10/- or as prescribed by the Board from time to time.
- III. An employee of bank may be admitted as a Nominal Member and he will be entitled, on merits, to various facilities and other schemes on merit as sanctioned by the Board of Directors from time to time exclusively for employees;
- IV. A Nominal Member shall cease to be a nominal Member when all liabilities against him /her as a borrower or as a surety or otherwise are fully discharged or consequential responsibility of particular transaction for which, he/ she was admitted as a Nominal Member is over;
- V. Bank shall ensure that the total borrowing nominal members shall not exceed 20% of ordinary members as per RBI guidelines;
- VI. The Nominal Member shall not be entitled: -
 - To receive share certificate;
 - To receive audited accounts and annual report;
 - To attend, participate and to vote in the General/ Special General Meeting of the Bank;
 - To receive dividend;
 - To contest and vote in the Election of the Board;



12. JOINT SHAREHOLDERS:

- a) Shares may be purchased in the names of more than one person jointly; specifying the name of the first holder, second holder, etc. and so on. The name of the second holder can be shifted to first holder with the consent of the first holder and likewise.
- b) On death of a joint-holder, the surviving person/ persons shall be recognized as joint shareholder/holders;
- c) The joint-holder of any share shall be liable severally as well as jointly for all payments which are to be made in respect of such share or shares;
- d) The person whose name stands first written on the share certificate shall enjoy all the rights of a Member and be responsible for all the liabilities of a Member. He/she shall be entitled to receive the annual dividend and notice of the General Meeting;
- e) Where a share of the Bank is held jointly by more than one person, the person whose name stands first in the share certificate, if present, shall have the right to vote. But in his absence, the person whose name stands second and, in the absence of both, the person whose name stands next, and likewise in the absence of preceding persons the person whose name is next on the share certificate, who is present and who is not a minor, shall have right to vote; a single member may also be a joint shareholder with one or more persons.

13. SHARE CERTIFICATE:

- a) Every person admitted as Ordinary 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 jointly by any two of the following viz. Chairman, Director(s), CEO / GM and /or any authorized official of the bank. The share certificate shall bear the Bank's seal.
- b) If any certificate be worn out, defaced, destroyed or lost, a new share certificates may be issued in lieu thereof on payment of a fee per share certificate as specified by the Board from time to time. 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. TRANSFER OF SHARES:

- a. A member may transfer share/s after holding them for not less than one year to any person whose application is duly approved by the Board of Directors or the officer /authority specified by the board. The transfer is not complete until the name of the transferee has been duly entered in the Register of Members and the Transfer fee is paid, if any, not exceeding Rs. 1/- per share or as decided by the Board from time to time.
- b. Transfer of shares may be declined to a member-



- I. If the member is indebted to the bank or is liable as surety to another member who is indebted to the Bank;
- II. If the transferee does not fulfill the conditions prescribed under byelaw No. 9 or transferee is not the member of the bank.
- III. If the member does not want to transfer all the shares held by him/her.
- IV. If it results into splitting of Shares resulting into creation of additional membership from one basic membership.
- V. If is detrimental to the interest of the Bank.
- VI. The Board has got the right to reject any transfer.

15. RESIGNATION, CESSATION AND EXPULSION OF MEMBER:

a) RESIGNATION FROM MEMBERSHIP:

- I Any Member of the Bank may withdraw from Membership of the Bank only after one year and duly approved by the Board of Directors or the authority /officer specified by the Board of Directors. The approval shall not be given while such Member is indebted to the Bank either as a borrower or as a surety or otherwise. During any co-operative year, the aggregate withdrawal shall not exceed 10% of the total paid up share capital as at 31st March of the preceding year. Provided that the real or exchangeable value of paid-up share capital and reserves does not stand reduced to the amount specified as per Sec. 11(1) of the Banking Regulation Act, 1940 (as applicable to Co-operative Societies) as a result of such withdrawals.
- II A Member who withdraws and resigns his Membership will not be allowed to become a member again for a period of one year from the date of his resignation unless he repays the amount withdrawn by him from the Bank.

b) CESSATION OF MEMBERSHIP:

The Membership of the Bank may cease in case of: -

- I. Resignation or death of the Member;
- II. all the shares are transferred to another member;
- III. expulsion by the General Body;
- IV. Incurring any of the disqualifications of Membership under the MSCS Act rules or the Bye-Laws;
- V. Dissolution or liquidation in case of a firm or a company or other corporate body;
- VI. The finding that initially, the membership was acquired by making false statement or declaration in the membership application form knowingly or innocently. Even non-disclosure of the fact shall amount to the false statement or declaration.



- VII. On breach of any terms prescribed under bye-laws.
- VIII. If it is felt by the board that member has committed or tried to commit an act, which Adversely affects the image or well-being of the Bank. The decision of the Board of Directors shall be final in this regard.
- IX. Where a person has ceased to be a member of the Bank as aforesaid, his liability in respect of any debt due by him to the Bank as borrower or as guarantor either in individual capacity or as partner of the firm or co-parcener of HUF shall continue as if he has not ceased to be a member and Such person shall not be entitled to attend and vote in General Meeting.

c) EXPULSION OF MEMBERSHIP:

Membership of the Bank may be terminated by as per the provisions of Sec 30 of the Act by a resolution of the General Body Meeting, passed by 2/3rd majority present and voting, if any activity of such Member is found to be detrimental to the working of the Bank; or it adversely affects the credit worthiness or image or well being of the bank.

Provided that the Member concerned shall not be expelled unless he has been given a reasonable opportunity of making representation in the matter. The shares held by an expelled member is liable to be forfeited.

16. NOMINATION:

A Member may nominate a person to receive the Member's interest in the Bank after his/her 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 prescribed fee, if any, for every subsequent nomination.

17. DEATH OF MEMBER:

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

[Interest of the deceased shall be the amount of the shares and dividend together with amounts due to him/her on account of deposits and interest thereon or on any other account less the amounts due by him/her to the Bank]

18. RIGHTS, DUTIES, LIABILITIES AND DISQUALIFICATIONS OF MEMBER:

a) RIGHTS OF MEMBER: -



- I. To give one vote in the General Body Meetings of the Bank and no Member shall be permitted to vote by proxy; provided that any institution which is a Member of the Bank may appoint its representative by a resolution passed by its Board to vote on its behalf in the General Body Meeting of the Bank
- II. Right to receive notice of General Body Meetings as per Bye-laws of the Bank;
- III. Right to attend and take active part in the General Body Meeting of the Bank.
- IV. Take part in elections and contest for any post as per provision of the Act, Rules and Bye-laws of the Bank;
- V. Inspect those portions of Registers and records in which his own accounts and transactions are recorded, minutes of general meeting, bye-laws, audited annual balance sheet, profit and loss account and audit report during office hours at the time fixed by the Bank. Copies may be obtained on payment of charges as may be decided by the Board.
- VI. The Member shall get voting right in election of the Board, if he is member of the bank for at least six months (6 months) prior to date of election;
- VII. A member shall not get rights mentioned in this clause if he/she has defaulted in payments of dues to the bank as prescribed in Clause (d) (IV) below;
- VIII. A member shall not get rights mentioned in clause 18(VI) above if he has not utilized minimum level of services as prescribed in Clause (d) (IV) below;

b) DUTIES OF MEMBER: -

- I It shall be the duty of every member of the Bank to promote and protect the interests and objectives of the Bank as set out in the Act, the rules and these bye-laws.
- II Every member shall abide by the provisions of the act, the rules and these bye laws and discharge the duties and obligations in accordance with the provisions of the act, rules and these bye-laws.

c) LIABILITIES OF MEMBER: -

- I. Liability of the Members shall be limited to the share capital subscribed by them;
- II. Liability of every Member would continue for period of two years from the date of ceasing to be Member of the Bank;
- III. However, where the Bank is ordered to be wound up under Sec. 86 of the Act, 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 Bank as they existed on the date of cessation of Membership or death, as the case may be;

d) DISQUALIFICATIONS OF MEMBER: -

No person shall be eligible for becoming or continuing as a Member of the Bank if: -

- I. His business is in conflict or competitive to the business of the Bank;
- II. He has not attended the three consecutive General Meetings and such absence was not condoned by the 2/3rd majority of the Members attending the Meeting;



- III.** He has defaulted in payment of dues, towards repayment of principal and/or interest on loans & advances in capacity of borrower and/or surety, penal interest, debit balance in saving/current a/c, Demat charges, Locker Rent, Charges on remittance facility, charges for any other services provided by Bank, if any, within 60 days from the date it has become due OR it has become defaulter as per the Bye-Laws of the bank.

Provided that, even though member is disqualified as per above clause, for the purpose of recovery or legal actions he shall be treated as member;

Provided further that, if such member repaid all dues to the bank, he shall again continue as member;

- IV.** He has not used any of the services of the Bank i.e., any type of deposit, loan, any other services like ATM Card, e- banking facility, any type of advisory services, locker facility, remittance facility etc. for two consecutive years as under: -

- He has not kept balance in Saving Bank of at least Rs 1000; or
- He has not kept balance in Current A/c of at least Rs 2500; or
- He has not kept other types of deposits of at least Rs 1000; or
- He has not availed any type of loan of at least Rs 5000; or
- He has not used any other services/facilities of the bank;

Provided that for practical purpose, the decision with respect to implementation of this clause, 31st March of every year shall be considered;

Provided further that, if such member has started using services of the bank as mentioned in this clause for consecutive period of two years, he will again continue as member;

- V.** has been adjudged by a competent court to be insolvent or an undischarged insolvent,
- VI.** has been sentenced for any offence, other than offence of a political character or an offence involving moral turpitude or dishonesty and a period of five years has not elapsed from the date of expiry of the sentence,
- VII.** has become insane or has not attained the age of 18 years.

19. LIEN ON SHARES, DIVIDENDS AND DEPOSITS:

The Bank shall have the first and paramount lien or charge upon all the shares, dividends and deposits, all goods, vehicles, immovable property etc already hypothecated/ mortgaged to the Bank for whatsoever reason of any Member or past Member for all moneys due from him to the Bank from time to time. The Bank 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.

20. GENERAL BODY:

- a)** The First General Body Meeting of the members following its registration shall have the same powers as are vested in the Annual General Body Meeting under these bye laws. General body will consist of all the members or the delegates.

b)

- I.** Subject to the provisions of the MSCS Act and the Rules, the final authority shall vest in the General Body, which consists of all the members or the delegates.



- II. General Body Meetings shall be of two kinds viz. Annual General Body Meeting and Special General Body Meeting.
- III. The Annual General Body Meeting shall be called once on or before 30th September every year or within such period as extended by the Central Registrar, Co-operative Societies, New Delhi.
- IV. The Special General Body Meeting may be called at any time by the Chief Executive Officer;
 - a) by a resolution of 2/3 members of the Board of Directors
 - b) on a written requisition from the Central Registrar, Co-operative Societies, New Delhi.
 - c) on receipt of a written proposal from the 1/5th members of the BankThe Chief Executive Office shall convene such meeting within 30 days of such demand. If steps are not taken by the Chief Executive Officer to call the meeting within stipulated time after receiving such resolution, requisition or demand as provided in this byelaw, persons proposing the resolution or requisition or demand may call such a meeting
- V. The General body of the bank shall consist of all the members or a smaller body consisting of delegate members of the bank, elected as under. Smaller body will be of representative character.
- VI. One delegate shall be elected for every 100 members. While counting above 100 members when the fraction of members exceeds 50 members one more delegate shall be elected.
- VII. The Members of each group shall elect one delegate from their group.
- VIII. The Term of elected delegates shall be five years from the date of election.
- IX. A delegate shall be eligible for re-election.
- X. The delegates elected as above shall constitute the General body of the bank and shall exercise all the powers of the General body.
- XI. In case of a vacancy in the Delegate General Body, the remaining delegates may exercise all powers subject to the required quorum, or co-opt a member to fill up the vacancy for the remaining period provided that the duration of the vacancy is more than six months
- XII. The Board of Directors will appoint a returning officer to conduct the election.
- XIII. Election shall be conducted in the manner as specified in the schedule to the Rules.
- XIV. Any member of the bank who holds minimum 1 share each of Rs. 100/- and who is not a defaulter of this bank or who is not a guarantor of the defaulter of this bank or who is not disqualified by byelaw no. 18(d), as amended from time to time shall be able to contest the election of the delegate and shall continue as a delegate provided his/ her name is included in the voter list of the bank at the end of each financial year.
- XV. No person shall exercise the right to vote at an election of a delegate if he has been a member for a period of less than 12 (Twelve) Months

21. BUSINESS OF THE ANNUAL GENERAL MEETING:

The Board of the Bank under a resolution shall, within six months after the close of the



corresponding year, call the Annual General Meeting at the principal place for the purpose of: -

- a) To read and confirm the minutes of the previous General Meetings;
- b) Consideration of the audited statement of accounts;
- c) Consideration of the audit report and annual report;
- d) Consideration of audit compliance report;
- e) Disposal of net profits and declaration of dividend;
- f) Approval for appointment of Auditors & fixation of remuneration;
- g) Review of operational deficit, if any;
- h) Creation of specific reserves and other funds;
- i) Approval of the annual budget;
- j) Review of actual utilization of reserve and other funds;
- k) Approval of the long-term perspective plan and the annual operational plan;
- l) Review of annual report and accounts of subsidiary institution, if any;
- m) Expulsion of Members;
- n) List of employees who are relatives of Members of the Board or of the Chief Executive Officer;
- o) Amendment of Bye-laws, if any;
- p) Formulation of code of conduct for the Members of the Board and Officers;
- q) Election & removal of Members of the Board, if any as per provisions of Act;
- r) Approval of write off proposals of bad & doubtful debts recommended by the Board;
- s) To fix the maximum limit up to which the Board of Directors may raise funds.
- t) To consider any other subject of which proper notice has been given as prescribed.
- u) With the permission of 2/3 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 6 months
- v) Laying down a statement showing the details of Loans given to members of the Board or relatives of the members of the Board of Directors
- w) Any other matter laid before it by the board of directors.

22. BUSINESS OF THE SPECIAL GENERAL BODY MEETING:

The business of Special General Body Meeting shall be as stated in the Notice of requisition



only. No other business shall be transacted.

23. NOTICE FOR THE ANNUAL AND SPECIAL GENERAL BODY MEETING:

- a. Annual General Meeting of the Bank may be called by giving not less than 15 days' notice in writing to all the Members of the Bank;
- b. Special General Meeting of the Bank may be called by giving not less than 7 days' notice in writing to all the Members of the Bank;
- c. The notice of the Annual General Meeting shall be accompanied by a copy of Agenda of the Meeting including amendment to Bye-law, if any and declaration of election to Board of Directors, if any;
- d. Notice for the General Meeting shall state the place, date and time of the Meeting. It shall also state the place, date and time of holding of the adjourned Meeting should it be necessary to adjourn it in the absence of quorum;
- e. Non receipt of notice by Members shall not be a valid ground for postponing or adjourning the General Meeting;
- f. Notice of the Meeting shall be signed by the Chief Executive Officer or Director or authorized officer of the Bank;
- g. Notice of the General Body Meeting shall be sent to Members by any of the following modes viz: -
 - I. By hand delivery / By post / By Courier / by publication in the Local newspaper;
 - II. By putting on the notice board of the Bank and/or its Branches;
 - III. By putting on the Bank's Website.

24. QUORUM:

- a) The quorum for the General Meeting shall be one fifth of the total number of Members or 30 whichever is less; provided that if such general body meeting is called at the requisition of the members, then quorum shall be at least 100 members signing such requisition;
- 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, a quorum is not present, the meeting shall stand adjourned, provided that a meeting which has been called on requisition of the members shall not be adjourned but dissolved.
- d) The adjourned Meeting will transact its regular business even without the quorum being present at the Meeting;
- e) If at any time during the meeting, sufficient number of members are not present to form the quorum, the Chairperson, or the member presiding over the meeting, on his own, or on his attention being drawn to this fact, shall adjourn the meeting and the business that remains to be transacted at this meeting, if any, shall be disposed off in the usual manner at the adjourned meeting.



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

- a) In the absence of quorum within half an hour after the time appointed for holding of a General Body Meeting, the meeting shall stand adjourned to the date stated in the Notice of the meeting, but within seven (7) days from the date of adjourned meeting.
- b) In the absence of quorum, within the time fixed for holding an adjourned General Body Meeting, the members present and entitled to vote shall form the quorum.
- c) Item to be transacted at on adjourned meeting shall be as per agenda Read with Byelaw No. 21.
- d) If within half an hour after the time appointed for holding a special General Body Meeting convened on requisition by members as per byelaw No. 20(B)(IV)(c), a quorum is not present, the meeting shall be dissolved.

26. CHAIRPERSON OF THE GENERAL BODY MEETING:

Chairman of the Board of Directors of the Bank shall preside over General Meeting. Vice Chairman will preside over General Body Meeting in absence of Chairman. However, if and when Chairman and Vice Chairman are absent a Chairman for such General Body will be elected amongst the Members present to preside the General Body Meeting.

27. VOTING RIGHTS:

- a) Individual 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 member or joint holder, may appoint one of its partners, directors or joint holders or officers, to participate in the meeting to exercise the right to vote.
- b) The president presiding over the meeting shall have a casting vote in case there is equality of votes.

28. RESOLUTIONS:

- a) Resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands unless a member demands a ballot or on considering the situation of the meeting, the Chairman shall have a power to decide whether voting be exercised by ballot in which case a ballot shall be taken forthwith.
- b) Unless specifically directed in this behalf by the Registrar, no resolution concerning -
 - (i) Election of an office bearer and/or
 - (ii) Resolution passed in the previous General Body Meeting, can be placed before a General Body Meeting for reconsideration unless 6 clear months have elapsed from the date the original resolution was passed.



29. MINUTES OF THE GENERAL MEETING:

All proceedings of every General Meeting and of all proceedings of every Board Meeting or of every Meeting of Committee of the Board shall be recorded within 30 days of the conclusion of every such Meeting concerned and shall be stored or saved in the soft copy and prepare print outs in the Minute Book, the pages of which shall be duly numbered. The same shall be signed by the CEO and Chairperson of the Meeting who presided over that meeting.

30. BOARD OF DIRECTORS:

- a) The Executive Management of the Bank shall vest in the hands of Board of Directors of the Bank. The Board shall consist of Minimum Seven [7] elected Directors excluding Co-opted Directors and CEO. The CEO shall be the ex-officio member of the Board.
[At Present, Board of Directors consist of Eleven [11] elected Directors.]

Out of these Directors --

- Two seats shall be reserved for women.
- One seat shall be reserved for the person belonging to SC/ST.
- One seat shall be reserved for the Small or Marginal Farmer.
- Minimum Two seat shall be reserved for each state where the bank is having its Area of Operation.

- b) Co-opted Expert Director: -

In addition to the elected directors, Bank may co-opt Two [2] Directors, having experience (at middle / senior management level) in the field of banking, management, finance, law or specialization in any other field relating to objects and activities undertaken by the Bank as per the RBI guidelines issued from time to time, if the elected directors do not possess these qualifications. However, such co-opted directors shall not be entitled to vote at the meeting of the Board of Directors or shall not be entitled to be elected as chairperson or vice chairperson. The period of Co-opted Directors shall be co-terminus with the Board of Directors.

- c) Chief Executive Officer shall be Ex-Officio member of the Board of Directors;

- d) Functional Director: - The Board may at its discretion appoint one [1] Functional Director among the head of departments as defined in bye law no 4 (xii); The functional director of the bank shall be member of the Board; however, he shall be excluded for the purpose of counting total number of strength of directors as specified in above clause No. 30(a). He shall not be entitled to vote at the meeting of the Board of Directors or committees/sub committees or shall not be entitled to be elected as chairperson or vice chairperson of Board of directors/ Committees/ Sub Committees. Board may remove him as functional director at any time.

- e) As per section 50(2) of the MSCS Act 2002, Board of Bank, may invite not more than two persons, in its meeting, as invitee.

- f) The term of the office of the elected Members of the Board of Directors shall be 5 years from the date of election. However, the elected Members shall continue to hold office



till their successors are elected or nominated under the provisions of the Act/Rules and Bye laws and assume charge of their office.

- g)** The Board of Directors shall constitute an Executive Committee and other committees or sub-committees as may be considered necessary, provided that the other committees or sub-committees, other than the executive committees shall not exceed three.
The Board may delegate any of its powers and functions mentioned in Bye law no. 37 to an Executive Committee of the Board of Directors.
Composition & Functions of other Committees or Sub-committees shall be as decided by the Board of Directors from time to time.

31. CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS:

- a)** There shall be a Chairman and a Vice-Chairman elected by the Board of Directors from among themselves. The Chairman and in his absence, the Vice-Chairman shall preside over the Meeting of the General Body and the Board of Directors.
- b)** The Chairman of the meeting shall have a Casting Vote.
- c)** The terms of office of the chairman and Vice-chairman shall be co-terminus with the term of the elected members of the Board unless chairman and Vice-chairman ceases to be Director earlier. In case of any vacancy within this period, the Board shall fill up the vacancy through re-election for the unexpired term of the Board.
- d)** No Member of the Board shall be eligible to be elected as Chairman or Vice- Chairman of the Bank if he is a Minister in the Central Government or State Government.
- e)** No Member of the Board shall be eligible to hold, at the same time, office of the Chairman or Vice-Chairman on the Board of more than two Multi State Co-operative Societies.
- f)** No Member of the Board shall be eligible to be elected as Chairman of the Bank, after he has held office, as such during two consecutive terms whether full or part provided that a Member of the Board who has ceased to hold the office of the Chairman continuously for one full term shall again be eligible for election of the office as such.

32. ELIGIBILITY FOR ELECTION AS DIRECTOR:

- a)** The conduct of the elections to the Board of the Bank shall be the responsibility of the existing Board;
- b)** The election of Members of Board shall be held in the manner as may be prescribed by the election schedule annexed with the Multi State Co-Op. Societies Rules, 2002;
Also, the proposer or seconder in the application for candidature should also be eligible to stand in the election of Directors;
- c)** Ordinary Member shall be eligible to be elected or reelected as Director if: -
- I.** He is a member of the Bank since at least Twelve [12] months prior to the date



- of election;
- II.** A member, who is a "Defaulter Borrower" with any Co-operative society / Bank or whose family members are either "Defaulter Borrower" or they have interest in a Unit / Company which has become "Defaulter Borrower", will be debarred from being member of the Managing Committee of the Bank. Even that member will not be eligible for applying any position in the Committee of the Bank
 - III.** He is not guarantor to the defaulter borrower of the Bank
 - IV.** For the election of the Board of Directors if some of the contesting candidates form a panel or panels then all the candidates from such panels will be eligible to get a common symbol for each panel.
 - V.** He/she is not disqualified u/s 43 of the MSCS Act as amended from time to time to become a Director.

33. VACATION OF OFFICE BY A DIRECTOR:

A Director shall be deemed to have vacated his/her office before the expiry of his/her term if he/she -

- a.** becomes a defaulter either as a borrower or as a surety.
- b.** resigns and his/her resignation is accepted and/or ceases to be a member.
- c.** is adjudged insolvent or incurs legal disability.
- d.** is convicted of any act or acts involving moral turpitude or who is of an unsound mind or insane.
- e.** holds any office or place of profit under the Bank; provided that the Chief Executive Officer or such full-time employee of the Bank as may be notified by the Central Government from time to time shall be eligible for being chosen as, or for being, a Member of such Board;
- f.** remains absent for 3 consecutive meetings of the Board without obtaining leave of absence.
- g.** Absent himself from consecutive three general body meetings and such absence has not been condoned to by the members in the General Body.
- h.** Is or was a member of any political party
- i.** Is impeached by The Chairman and 2/3 rd majority of the Board of Directors for any acts or omissions which adversely affects the image and well-being of the Bank in any manner.
- j.** Is disqualified for being a Member under Sec. 29 of the Act;
- k.** has been expelled as a Member under Sec 30 of the Act;



- I. An elected Member of the Board, who has acted adversely to the interest of the Bank, may on the basis of a report of the Central Registrar or otherwise be removed, from the Board, upon a resolution of the General Body passed at its Meeting by a majority of not less than 2/3rd of the Members presents and voting at the said Meeting;

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

34. VACANCY IN THE BOARD OF DIRECTORS:

Vacancy in the Board of Directors occurring through death, removal, resignation or for any other reason, shall be filled by the remaining Directors by co-option up to one-third of number of elected directors on the board out of the same class of members in respect of which the casual vacancy has arisen, who is qualified to be elected in the Board as a Director, if the term of office of the board is less than half of its original term. Such Director/s shall hold office till the time of the next election:

Provided that, if the remaining term of the office of the board is more than half of its original term, then the Casual Vacancy shall be filled by election in the General Meeting by nomination out of the same class of members in respect of which, the Casual vacancy has arisen.

Provided further that 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.

35. MEETINGS OF THE BOARD OF DIRECTORS:

- a) The Board of Directors shall meet as often as is necessary to transact business and at least once in every quarter. The Chief Executive shall convene the meetings of the board at the instance of the chairman of the bank.

Provided that where chairman 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-chairman or any other director of the board:

Provided further that the Chief Executive may also convene the meeting on the basis of requisition from at least one half directors of the board

- b) The Meetings of the Board of Directors shall be held at the registered office of the Bank or, at any other place as decided by the Board within the Area of Operation of the Bank.
- c) The Meetings of the Board of Directors shall be presided over by the Chairman or in his absence by the Vice Chairman and in the absence of both Chairman & Vice-Chairman, the Directors present in the Meeting shall elect a Chairman for the Meeting from among themselves;
- d) Notice of a meeting of the Board of Directors together with the agenda of the meeting and notes thereon shall be sent to all the Directors at least 3 days prior to the date of the meeting. "However, in exceptional circumstances, with the consent of majority of



directors, meeting may be called at a shorter notice." The exceptional circumstances may be recorded in writing and may be ratified by the board;

- e) If any work or decision is required to be taken urgently, that may be taken by circular meeting with the consent of chairman. However, such resolutions shall have to be placed in the first meeting of the board held thereafter, for ratification.
- f) Two subject matter specialists per subject may be invited by the Board in any of its Meeting whenever necessary;

36. QUORUM:

The quorum for the Meeting of the Board of Directors shall be 1/3 of its total elected directors. If one third number of total number of Directors is fraction figure, it shall be rounded to nearest figure and such rounded figure shall constitute quorum;

37. POWERS & FUNCTIONS OF THE BOARD OF DIRECTORS:

The Board may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under the Act. Without prejudice to the generality of the foregoing powers, such powers shall include the following powers:

1. To admit Members;
2. To elect Chairman and Vice-Chairman of the Bank;
3. To authorize convening of Meetings of the General Body;
4. To interpret the organizational objectives and set-up specific goals to be achieved towards these objectives;
5. To make periodic appraisal of objectives;
6. To appoint and remove a Chief Executive Officer and such other employees of the Bank as are not required to be appointed by the Chief Executive Officer;
7. To make provisions for regulating the appointment of the employees and the scales of pay, allowances and other conditions of service, including explanatory action against such employees;
8. To place the annual report, annual financial statements, annual plan and budget for the approval of the General Body;
9. To consider audit and compliance report and place the same before the General Body;
10. To acquire or dispose of movable/ immovable property;
11. To review the Membership in other co-operatives;
12. To approve annual and supplementary budget;
13. To recommend to the General Body distribution of profits;
14. To raise funds;
15. To sanction loans to the Members;
16. To fill any vacancy/vacancies in the Board by the procedure defined in the Bye Law;
17. To formulate or amend from time-to-time staff service rules in accordance with the guidelines of RBI and the Ministry of Agriculture and farmers' welfare, Department of



Agriculture, Co-operation and farmers' welfare.

18. To appoint such Committees, Sub-Committees as may be necessary and delegate to them such powers as may be appropriate;
19. To frame regulations for the election of delegates to the General Body, Members to the Board of Directors and for the conduct of Meetings of the General Body and the Board of Directors as per the provisions of the Act;
20. To take such other measures or to do such other acts as may be prescribed by RBI or required under this act or the Bye-laws or as may be delegated by the General Body;
21. To enter into participation and consortium arrangements with any Commercial or Co-operative Bank and Financial Corporation for the purposes of granting loans and advances and to determine the terms and conditions of participation/ consortium;
22. To consider the settlement proposals, to modify, alter, delete and add to the terms and conditions governing the outstanding loans, overdrafts, cash credits and advances from constituents;
23. To consider and approve the OTS/ Compromise settlement scheme for borrowers within framework of RBI guidelines issued from time to time, if any;
24. To invest Bank's funds in permissible securities and to determine policy of the investment from time to time;
25. To consider proposals for opening branches, Extension counters, pay offices and ATM Centers;
26. To institute, defend, conduct, compromise, abandon or withdraw any Legal proceedings including criminal proceeding by or against the Bank or the Board or its Officers or employees and to delegate those powers and authorize to the Chief Executive Officer or any other Officer of the Bank in this behalf;
27. To delegate powers and authorize the Chief Executive Officer and or any other Staff/Officer of the Bank to open and operate Bank accounts or deposit accounts with any Bank or financial institution and to authorize the officers of the Bank to deal with the same;
28. To delegate powers to the Chief Executive or to any other officer(s) of the Bank in respect of sanction of loans and advances, share matters or capital & revenue expenditure and to authorize them to represent the Bank in legal proceedings and other matters within the powers delegated by Board of Directors from time to time in view of operational convenience;
29. To consider cases of arrears and defaults in loans and advances due from members and take / approve action to be taken for recovery of the same including compromise settlements;
30. To consider and recommend the write off proposal of bad & doubtful debts with the certification of Statutory Auditor to General Body Meeting for final approval;
31. To fix the rate of interest on loans and deposits;
32. 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



33. To fill in, by co-option, casual vacancies occurring in the Board of Directors and also to co-opt expert Directors
34. To make, alter, rescind or abrogate the rules and regulations governing the staff of the Bank from time to time regarding the following:
 - Provident Fund, Bonus and Gratuity
 - Service Rules and Regulations
35. Members of the board of Management and members of the board of directors will be paid Remuneration/Allowance/Sitting Fess as may be decided by the board of directors in their duly convened board meeting from time to time.
36. Election Rules: The approval of the General Body and the Registrar shall be obtained in respect of Election Rules.
37. To perform all acts connected with the management and administration of the Bank and to undertake all activities and business to further the aims and objects of the Bank.
38. The board has powers to delegate, subject to ratification or otherwise, partly or fully, with any conditions, any of its powers to any sub-committee of the board or to one or more Director or officer of the bank.
39. 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 was some defect in the appointment of such Board or person, be as valid as if the Board or every such person has been duly appointed. However as soon as the defect is discovered, such defective appointment shall be cancelled at the earliest and appointment of the Board or a member of the Board of Directors shall be legally made.
40. To approve appointment of brokers, agents, experts, consultants, advocate(s) and enquiry officer and any other personnel or agency or a firm and to fix their remuneration.
41. To approve the panel of auditors;
42. To appoint the returning officer to conduct the election.
43. As per the circular dated 31-12-2019 of Reserve Bank of India, Board of Management (BOM) may be appointed. The Duties and powers and continuity of the BOM shall be as per the circular of RBI as amended from time to time.

38. IN CASE OF DEFFECTIVE APPOINTMENT:

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 was some defect in the formation or the appointment of such Board or person, be as valid as if the Board or every such person has been duly appointed. However as soon as the defect is discovered, such defective appointment shall be cancelled at the earliest and appointment of the Board or a member of the Board of Directors shall be legally made.

39. DIRECTOR TO BE ABSENT IN THE MATTER OF PERSONAL INTEREST:



- (1) No director of the bank shall, as a director, be present in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the bank, if he or his relative is directly or indirectly concerned or interested in such contract or arrangement and no relative of any of the sitting directors of the bank shall be recruited as employee including the Chief Executive of the bank.
Explanation.—For the purposes of this bye-laws, the term, “relative” as defined by section 41 of the Act.
- (2) Any director of the board who violates the above provision shall be disqualified for being a member of the board and deemed to have vacated his office from the date of such meeting of the board as is referred to in the this bye-laws and such proceedings shall be deemed to be void.

40. MINUTES OF THE BOARD MEETING:

The Minutes of the meetings of the Board of Directors, sub-committee or committees shall be recorded in writing in the Minutes Book, specifically provided for the purpose, the pages of which shall be duly numbered. The Minutes shall be signed by the Chairman of the meeting

41. POWERS AND FUNCTIONS OF THE CHAIRMAN:

The Chairman shall have the following powers and functions: -

- a) He shall preside over the Meeting of the General Body, Board of Directors and Executive Committee;
- b) The Chairman shall sign the proceedings of all the Meetings presided over by him;
- c) In the event of equality of votes on a resolution the Chairman shall have a casting vote in the Meeting;
- d) To convene the Meeting of the Board of Directors, Executive Committee and other Committees of which he is the Chairman;
- e) The Chairman may delegate any of his powers and functions to the Vice- Chairman;

42. CHIEF EXECUTIVE OFFICER:

- (1) The Chief Executive Officer shall be the Chief Executive of the Bank and shall be appointed by the Board and shall aid and assist the Board of Directors in its functions. He Should be employed on full time basis.
- (2) The bank shall not appoint or continue the employment of any person as the Chief Executive who—
 - (a) is below the age of thirty five years or has attained the age of seventy years;
 - (b) is an undischarged insolvent or has any time been adjudged as an insolvent;
 - (c) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.

43. POWERS AND FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER:



Subject to direction, overall control and general supervision of the Board of Directors, the Chief Executive Officer shall have the following powers, functions and responsibilities While doing day to day management of the Bank: -

- I. To assist the Board of Directors in the formulation of policies, objectives and planning;
- II. To implement the policies and plans duly approved by the General Body or the Board and furnish to the Board of Directors periodical information necessary for appraising the activities and progress of achievement towards implementations of the policies and programme;
- III. To summon Meetings of various Committees including the General Body under the instructions of the Chairman / Board;
- IV. To maintain proper records of the Bank;
- V. To manage the funds of the Bank, cause proper accounts to be maintained and audited;
- VI. To attend to all correspondence of the Bank;
- VII. To be responsible for collection and safety of the funds;
- VIII. To execute the policies/programme and business of the Bank and take such action as is necessary to give effect to the resolutions of the General Body, Board of Directors or any other Committee constituted under Bye-laws;
- IX. To sign all deposit receipts of the Bank with Banks in accordance with the resolution of the Executive Committee or the Board;
- X. To endorse and transfer promissory notes and other securities and to endorse, sign, encash cheques and negotiate instruments on behalf of the Bank;
- XI. To sue or to be sued on behalf of the Bank and sign all books and arrangements in favour of the Bank;
- XII. To appoint such personnel in the Bank as may be approved by the Board of Directors;
- XIII. To determine powers, functions and responsibilities of the employees of the Bank 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 sanction contingent expenditure in so far as the amount involved is up to a limit set by Board of Directors from time to time;
- XVII. To sign on behalf of the Bank and conduct its correspondence;
- XVIII. To present the draft annual report and financial statements for the approval of the Board within forty-five days of closure of the financial year;
- XIX. To record proceedings of Meeting and have duly signed;
- XX. To perform all duties entrusted to him and to exercise such other powers as may be delegated to him by the Board of Directors, Executive Committee and Chairman from



time to time;

- XXI. The CEO / Board may delegate any of the Powers of the CEO to the staff of the Bank by express / implied consent.

44. LOANS AND ADVANCES:

- a) 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 or without security: -
- I. Personal security and/or surety/sureties of other Member/Members;
 - II. Collateral security of movable and immovable property;
 - III. Industrial, mercantile, agricultural and other marketable commodities or machinery under pledge, hypothecation or charge of the Bank;
 - IV. Pledge of Government, trustee securities, shares of Board approved companies, debentures and fixed deposits;
 - V. Insurance policies assigned to the Bank within the surrender value;
 - VI. Warehouse receipts;
 - VII. Gold and silver ornaments;
 - VIII. Any other tangible security;
 - IX. The Board may frame from time to time, detailed loan Regulations prescribing, among other matters, proportion of unsecured loans to total loans and advances, proper terms and conditions and the nature of securities acceptable for loans and advances for different purposes;
- b) Short-term loans will be for periods up to 12 months, Medium-term loans for 12 months to 5 years and long-term loans over 5 years;

45. LINKING OF SHAREHOLDING WITH LOAN LIMITS:

- a) A borrower should subscribe to at least 5 percent (5%) of his borrowings if the mortgage of property is not registered or 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 having loan against tangible securities of at least 150% of loan amount should subscribe to shares of the Bank to the extent of at least 2 ½ per cent of his borrowings from the Bank. In other cases, it shall be 5% of the borrowing.
- c) Provided that, if Capital to Risk weighted Asset Ratio (CRAR) of the bank is minimum 12% or as prescribed by RBI in this regard from time to time on the 31st March of immediately preceding year, then Bank shall not insist initially on linking shares as per share linking norms as stated in clause (a) & (b) above.

In such a case, the Board of Directors can allow initial minimum Share Linking of only one share instead of the linking as specified above to be raised subsequently to the % specified in (a) or (b) as above, if relevant RBI norms / Guidelines are not violated and subject to Loan policy of the Bank to be formed by the Board in consonance with the RBI



guidelines.

- d)** In the cases of Loans to Small Scale Industrial Units Granted by the Bank on secured basis, the linking of share capital might be fixed initially at 1 share, to be raised subsequently to the % specified in (a) or (b) above.
- e)** All the above terms and conditions relating to Linking of Share Holding with Loans Limits is subject to the Guidelines and Instructions received from Reserve Bank of India from time to time. Also, the total amount of share capital to be held by a member will have to be within the overall total limit as prescribed by RBI.

46. DEPOSITS:

- a)** Deposits may be received at any time within the limits determined under the 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;
- b)** Deposits may be received on current, savings, fixed, recurring, flexi, double, cumulative and under any other special scheme/s;
- c)** All the deposits of the Bank shall be insured under DICGC Act 1961 and shall be governed by the various sections of the DICGC Act;

47. APPROPRIATION OF PROFITS:

Subject to the provisions of the Act and Rules framed there under, Bank shall,

- a)** transfer at least 25% of net profit to the statutory reserve fund;
- b)** credit annually one percentage of net profit to the co-operative education fund within six months from the closing of the relevant financial year, maintained by the Central Government;
- c)** Transfer an amount to the reserve fund for meeting unforeseen losses, minimum of 10% of Net profit;
- d)** one crore rupees or one percentage of the net profits of the bank, whichever is less to Co-operative Rehabilitation, Reconstruction and Development Fund, If bank is in profit for the preceding three financial years;

UTILISATION OF BALANCE OF NET PROFIT:

The balance of the net profit may be utilized for all or any of the following purposes: -

- I.** Payment of dividend to Members on their paid-up capital at the rate subject to maximum of 15% or at such rate as may be permissible by RBI from time to time. However, such payment shall be paid only out of net profit or dividend equalization fund and in no case the capital or other reserve shall be distributed as dividend;
- II.** To transfer to Members Welfare Fund to the extent of 10% of Net profit or as may be recommended by Board of Directors;
- III.** To transfer to Employees ex-Gratia fund at the rate of 5% of the net profit or at such rate as may be recommended by Board of Directors;
- IV.** To transfer to Public Purpose fund to the extent of 10% of Net profit or as may be recommended by the Board of Directors;



- V.** To transfer to Building Fund at the rate of 10% of the net profits or at such rate as may be recommended by the Board of Directors;
- VI.** To transfer amounts not exceeding 5% of the net profits to Charity Fund or Donation or at such rate as may be recommended by the Board of Directors for any purpose connected with the development of co-operative movement or charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890 (6 of 1890);
- VII.** To transfer to Dividend Equalization Fund at the rate not exceeding 25% of the net profit or at such rate as may be recommended by Board of Directors;
- VIII.** To transfer to General Reserve at the rate not exceeding 5% of the net profit or at such rate as may be recommended by Board of Directors;
- IX.** To create any other fund as may be recommended by Board of Directors and transfer such an amount as may be recommended by Board of Directors;
- X.** Remaining net profit, if any, shall be carried forward to next year as may be recommended by Board of Directors;

48. RESERVE FUND:

- a)** In addition to the sum prescribed under the Act, Rules and Bye-laws, all admission fees, entrance fees, nominal Membership fees, amount of forfeited shares and dividends and donations and any unclaimed amounts since last three years and penalties shall be carried to the Reserve Fund;
- b)** Any loss occurring as the net result of the year's working, may, with the previous sanction of the Registrar be made good from the Reserve Fund or from the profits of the next ensuing year or years;
- c)** The Reserve Fund shall be separately invested in Government and Trustee Securities or other approved securities or in fixed deposits with the District Central Co-operative Bank or the State Co-operative Bank or be invested in any other mode, as may be prescribed.
- d)** For use of statutory reserve, Prior permission of central registrar will be required.
- e)** Reserve Fund for unforeseen losses created out of Net Profit as per the provisions of Act and Bye Law No. 47(C) shall be free reserve in the nature and may be utilized by the bank to recoup any unforeseen losses; shortfall in bad and doubtful debt reserve, shortfall in investment fluctuation reserve or shortfall in any provisions for impaired assets etc with the approval of board.
- f)** For other earmarked reserves, approval of the board may be required to use the same by passing a board resolution for bank use only.

49. DIVIDEND:

- a)** The dividend declared shall be paid by Cheque / DD /Cash to Person whose name stands as registered share holder /member in the register of members on the last day of Co-operative year to which the dividend relates or else, it can also be paid to the holder or holder in due course or bearer of the share certificate and it can't be paid by out station cheque.
- b)** Dividend may be paid for full year to all the member or it may be proportionate to their period of holding.
- c)** Dividend shall be payable at par at the Bank's Head Office as well as at the branches.



- d)** Any dividend remaining undrawn or unclaimed for 3 years after having been declared shall be forfeited and carried to the Reserve Fund.
- e)** Unpaid dividend shall be payable on application provided the same has not been forfeited.
- f)** Rate of Dividend should be in conformity with RBI Guidelines as amended from time to time.

50. ACCOUNTS AND RECORDS:

Accounts and records shall be maintained in forms prescribed or approved by the Central 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.

51. AUDIT:

- I. Bank shall appoint an auditor or auditors at each Annual General Meeting from the conclusion of that meeting until conclusion of next Annual General Meeting;
- II. Provided such Auditor shall be appointed from the panel of auditors approved by the Central Registrar or from a panel of auditors, if any, prepared by the Bank;
- III. Provided further that, the remuneration of such auditors shall be fixed in Annual General Meeting or in such manner as Bank in Annual General Meeting may determine
- IV. Bank shall give intimation to every auditor within Fifteen days of the appointment as auditor
- V. The Bank may fill any causal vacancy in the office of an auditor; but while any such vacancy continues, the remaining auditor or auditors, if any, may act:
- VI. Provided that where such vacancy is caused by the resignation of an auditor, the vacancy shall only be filled by the bank in general meeting;
- VII. Provided further that, any auditor appointed in a causal vacancy shall hold office until the conclusion of the next annual general meeting
- VIII. Bank shall constitute Audit Committee of their Boards to look into implementation of guidelines issued by RBI from time to time in this regard;
- IX. Provisions of the B. R. Act or RBI guidelines shall prevail over all the matters related to Audit and Auditors, including and not restricted to the matter of their remuneration, tenure etc.

52. SEAL:

The Bank shall have a Common Seal which will remain in the custody of the Officer authorized by the Board and shall be affixed in the presence of the authorised executive as per specific resolution of the Board of Directors.

53. AMENDMENT TO BYE-LAWS:

The amendment of these Bye-laws shall only be passed by a resolution of the Meeting of the General Body by a vote of not less than two thirds of the Members present thereat and not less than 15 clear days' notice for the considering of such amendment has been previously



given.

Any addition, amendment, alteration or rescission resolved upon at such Meeting shall be put up before the CRCS within 60 days of the meeting as per Section 11 and shall take effect from the date of receipt of Central Registrar's approval in writing.

54. MSCS ACT TO APPLY FOR RESIDUARY MATTERS:

The matters which have not been provided for herein shall be decided in accordance with provision of the MSCS Act 2002 and Rules made there under;

55. REFERENCE TO CENTRAL REGISTRAR FOR INTERPRETATION OF BYLAWS:

If any doubt arises in the interpretation of the Bye-laws of the Bank, the same shall be referred to the Central Registrar for his advice and his opinion;

56. INVESTMENT OF FUNDS:

The Bank may invest or deposit its funds as per prevalent guidelines issued by Reserve Bank of India from time to time and Section 64 of MSCS Act in: -

- I. A Co-operative Bank, State or Central Co-operative Bank including Co-op. Land Development Bank; or
- II. Securities specified in section 20 of the Indian Trust Act 1882; or
- III. Central and State Govt. securities; or
- IV. Shares and Securities of any other Multi-State Co-operative Society, or any Co-operative Society, or in any District Central Co-operative Bank and/or State Co-operative Bank; or
- V. In shares, securities or assets of a subsidiary institution or any other institution;
- VI. With any other bank; or
- VII. Any other mode duly approved by the Board of Directors in conformity with guidelines issued by Reserve Bank of India from time to time.

57. SETTLEMENT OF DISPUTES:

All the disputes shall be referred to Arbitration in accordance with the provisions of Sec. 84 of the Act and Rules.

58. LIMITATIONS:

The limitation period in disputes shall be as per the provisions of Sec 85 of the Act.

59. SERVICE RULES:

The Bank shall have Service Rules for regulating the service conditions of the employees as formulated and amended by the Board from time to time.

60. CONTRIBUTORY PROVIDENT FUND:

The Bank 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.

61. GRATUITY:

Bank shall pay gratuity to the eligible employees as per the provisions of The Payment of Gratuity Act 1972.

62. CO-OP. EDUCATION AND TRAINING:

The Bank shall organize co-op. education and training programs for the Members, Directors and Employees at in-house training or at any other institutions as the Board of Directors may decide from time to time. Fund required for such co-op. education programs shall be provided by the Bank from time to time.

63. FILING OF RETURNS:

Every year within six months of the closure of the accounting year every multi-state cooperative society shall file the following returns with the Central Registrar, as per provision of Section 120 of the Act viz;

- (a) annual report of the activities including details of board decisions which were not unanimous;
- (b) audited statements of accounts;
- (c) Appropriation of profit as approved by the General Body/ plan for surplus disposal as approved by the general body;
- (d) List of amendments to the bye-laws of the multi-state cooperative society;
- (e) declaration regarding date of holding of general body meeting and conduct of elections where due;
- (f) disclosure regarding employees who are relatives of Members of board;
- (g) Declaration of any related party transactions by the board of directors; and
- (h) Any other information required by the Central Registrar in pursuance of any of the provisions of this Act or the rules made thereunder;

64. WINDING UP:

If winding up is necessary, it will be done as per the provision of the Act.

65. MISCELLANEOUS:

- a. The Bank may become the Member of the Gujarat State Co-Operative Bank Ltd., and the Ahmedabad District Co-Operative Bank Ltd., or any other State or District Co-Operative Bank as decided by the Board of Directors from time to time within the area of operation.
- b. The Bank may be subscribing Member of the following:
 - I. The National / State Federation of Urban Co-operative Banks/Societies;
 - II. The Regional / District Federation or Association of Urban Co-operative Banks;
 - III. The Rajya Sahakari Sangh / District Co-Operative Board or any other such organization as decided by the Board of Directors from time to time within the area of operation;



- c.** Execution of Decrees, Orders and decisions shall be as per the provision of Chapter XI of the Act;
- d.** Appeals and Reviews shall be as per the provisions of Chapter XII of the Act;
- e.** Offences and penalties shall be as per the provisions of Chapter XIV of the Act;
- f.** The chairman, Vice-chairman, Managing Director, other Directors, General Manager, Other Executives and officers who have been authorized by the Board, shall be entitled to sign, endorse all transactions, dealings and/or to purchase or sell Government Securities, Bonds, loans etc. and to sign shares of joint stock companies, securities, receipts and documents for and on behalf of the Bank.

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