

1 NAME

The Bank shall be called the Sultan's Battery Co-operative Urban Bank Limited.

2 REGISTERED OFFICE

The registered office of the Bank shall be situated at Sultan's Battery in Sultan's Battery Taluk of Wayanad District (Any change in address shall be notified to the Registrar of Co-operative Societies within 30 days and also published in local newspapers)

3 AREA OF OPERATION

The area of operation shall be confined to the whole of Sulthan Bathery Taluk as it exists now; and Kalpetta Municipality and following Grama Panchayath areas, viz. Edavaka, Kaniyambetta, Panamaram, Kottathara, Mananthavady, Meppadi, Muppainadu, Muttil, Padinjaraathara, Thariyode, Thirunelly, Vellamunda, Vengapally, Vythiri in Wayanad District.

4 DEFINITIONS

- i The word 'Act' and the word 'rules' used in these Bye-laws mean 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 Sultan's Battery Co-operative Urban Bank Limited.
- vii Bye-laws' means the Bye-laws of the Sultan's Battery Co-operative Urban Bank Limited.
- viii Managing Director/ Chief Executive Officer means a person who is entrusted with the management of the whole, substantially the whole of affairs of a UCB, subject to the regulations and directions issued by the Reserve Bank of India from time to time. MD/CEO shall function under the overall general superindence, direction and control of the Board of Directors (BoD). MD/ CEO shall possess the "Fit and Proper" critirrea prescribed by the Reserve Bank of India and he/ she will be appointed by the BoD after obtaining prior approval from RBI.
- 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 or Central Co-operative Bank of the District concerned.

5 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, bills of lading railway receipts, warrants, certificates, Scrips and other instruments and other securities whether transferable or negotiable or not.
- vi To grant and to issue letters of credit, travelers 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, debenture stock, bonds, obligations, securities and investment of all kinds.
- ix To purchase and to sell bonds, scrips, or other forms of securities on behalf of the constituents.
- x To receive all kinds of bonds, Scripps, 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 under write, 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 and to realise any property which may come into the possession of the Bank in satisfaction or part satisfaction of any of its claims.
- xviii To open branches, 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 into participation arrangement/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 these 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 institutions to engage.
- xxvi To organise and register self-help groups in the area of operation of the Bank.

xxv To do insurance business with any Insurance Company

6 FUNDS

Funds may be raised by the following means:-

- i Shares
- ii Entrance fee at the rate of Rs.10/- per share subject to a maximum of Rs.25/- per member.
- iii Subscription
- iv Deposits
- v Loans, cash credits, overdrafts and advances.
- vi Donation, grants and subsidies.
- vii Any other means approved by the Registrar

7 MAXIMUM BORROWING POWER

The maximum borrowing power of the Bank shall not exceed 50 times the paid up share capital and reserve minus the bad debts reserve and accumulated losses.

8 SHARES

The authorised capital of the Bank for the present shall be Rs.2500 lakh made up of the following types of shares.

4,80,000 'A' class shares of Rs.500/- each by persons which should be paid in full on application.

10,000 B' Class shares of Rs.1,000/- each by State Government and other body or persons approved by the Government.

9 MEMBERS

The existing members will be allowed time till the date of convening the next General Body to remit difference between the above value and the existing value of the shares held by them. No person shall be admitted as a member of the Bank except the following.

- i Who has attained the age of 18 years.
- ii Who is not of unsound mind.
- iii Who is a resident within or is carrying on his profession in the area of operation of the Bank.
- iv Who is not a member of any Primary Co-operative Bank or a co-operative credit society.

The membership of the Bank shall be open to:-

- a) Individuals residing or carrying his profession within the area of operation of the Bank.
- b) Any other person as defined under Bye-law 4(ix) having its registered office within the area of operation of the Bank, and conducting business within such area may be admitted as a member, provided that :-
 - i. The individual or person is not a member of any other primary co-operative bank or a co-operative credit society.
 - ii The individual or any partner of a partnership firm is not convicted of any criminal offence involving moral turpitude.
 - iii The individual or the person is not engaged in a business competing with or conflicting with the business of the Bank.
 - iv The individual is not an employee of the Bank.
 - v The individual or the person has subscribed to and fully paid for at least one share of the Bank and his application has been fully approved by the Board of Directors.
- c) Government of Kerala.

No right of 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 or in the Bye-laws.

the Act or Rules or in the Bye-laws.

10 NOMINAL MEMBER

- i. Any person who is a co-parcener or who desires to stand surety for a borrowing member of the Bank or who desires to borrow occasionally for a temporary period against certain tangible securities such as gold and silver ornaments, life insurance policies and Government and other securities may be enrolled as a nominal member upon his application in a prescribed form on payment of Rs.10/- as non-refundable entrance 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 profit 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-laws.

11 SHARE CERTIFICATE

Every person admitted as a 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 authorised and the Chief Executive Officer, the share certificate shall bear the Bank's seal.

12 TRANSFER OF SHARES

- i. A member may transfer his share or shares after holding them for not less than three years to any person duly approved by the Board of Directors. The Transfer is not complete until the name of transferee has been duly entered in the register of members and the transfer fee of `1/- per share subject to maximum of Rs.10/- is paid.
- ii Transfer of shares may be declined to a share holder 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 fulfill the conditions prescribed under Bye-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 Rs.1/- per share. It shall, however, be necessary to produce evidence to the satisfaction of the Board of Directors that the share certificates were worn out, defaced, destroyed or lost or in absence of such evidence, on such indemnity as the Board of Directors deem sufficient.

13 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 June of the preceding year brought for payments under Bye-laws 15 provided the real or changeable value of paid up share capital and reserves does not stand reduced to less than `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.

a A member can withdraw his/her share capital, partly with the approval of the Board of
iii 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.

iv A share holder member may be expelled as provided in Section 17 of the Kerala Co-operative Societies Act and the Rules made there under. Shares held by an expelled member are liable to be forfeited.

14 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 by number of times after due intimation in writing to the Bank and on payment of fee of `1/- for every subsequent nomination.

15 1. On the death of a share holder 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 persons 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 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.

16 LIABILITY OF A MEMBER

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

17 LIEN ON SHARES DIVIDENDS AND DEPOSITS

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 any time set off any sum credited by or payable to the member towards payment of any liability of such member or past member.

18 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 Meeting shall be of two kinds, viz., Annual General Meetings 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 share holders or on a requisition from the Registrar of Co-operative Societies.

19 BUSINESS OF THE ANNUAL GENERAL MEETING

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

- i. To consider the Board of Director's 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 Co-operative Societies Act and Rules.
- 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 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 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.

20 BUSINESS OF SPECIAL GENERAL 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.

21 NOTICE: ANNUAL GENERAL MEETING AND SPECIAL GENERAL MEETING

- i. Notice of the Annual General Body Meeting together with the agenda of the meeting and Bye-law amendments if any shall be published in 2 reputed leading news papers at least 15 days prior to the date of meeting. Profit and loss Account, Balance Sheet and other accounts will be displayed at the branches of the Bank.
- ii A special General Meeting must be convened within 30 days of receipt of requisition from members or from the Registrar of Co-operative 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 to the registered address of each share holder member at least 15 days prior to the date of meeting.
- iii Notice of the Annual 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 in the absence of quorum.

22 QUORUM

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

23 ADJOURNMENT OF AN ANNUAL GENERAL MEETING AND DISSOLUTION OF A SPECIAL GENERAL 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 of the adjournment should be published in the news paper and notice board of the Bank/Branches.
- ii In the absence of a quorum, within the time fixed for holding an adjourned General Meeting, the share holder members present and entitled to vote shall form the quorum.
- iii No business other than the business for which a General Meeting was called shall be transacted at an adjourned meeting.
- iv Within half an hour after the time appointed for holding a Special General Meeting, convened on requisition by share holder members, a quorum is not present, the meeting shall be dissolved.

24 CHAIRMAN OF GENERAL MEETING

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

25 VOTING RIGHTS

- i. Each share holder member shall have one vote irrespective of the number of shares held.
- ii Individual share holder members shall vote in person while a firm or company or any other body corporate constituted under any law for the time being in force, or Government which is a share holder 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 a equality of votes for and against any resolution.

26 RESOLUTIONS

Resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands. Unless a share holder member demands a ballot in which case a ballot shall be taken forthwith.

27 MINUTES

- i. Minutes of the General Meeting shall be made in the minutes 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 there of shall be filed with the Joint Registrar of Co-operative Societies of the District within seven days.

28 BOARD OF DIRECTORS

The Board of Directors shall consist of not more than 13 Directors who will be elected from among the individual members, of which 2 seats are reserved for members with suitable banking experience or professional qualification (as prescribed in the KCS Act), and 1 seat is reserved for SC/ST member, 3 seats for women member and 1 seat for members having a deposit of Rs.10,000/- and above. The term of office of the Board of Directors will be 5 years from the date of election.

29 CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

- i. When a Board of Directors is constituted it shall elect its Chairman and other office bearers within one week from the date of its constitution. It shall also by a resolution authorise the officers concerned to take charge from the outgoing office bearers. The Chairman shall preside over the meetings of the Board of Directors and also over the Annual General Body meeting and Special General Meeting when such meetings are called for. In the absence of the Chairman, Vice Chairman shall preside over the meetings and in the absence of both the Chairman and the Vice Chairman, the Directors shall elect the Chairman from among those present.
- ii The Chairman of the meeting shall have a casting vote, in the event of an equality of votes.
- iii The Chairman will be eligible for a honorarium, which will be fixed by the Registrar from time to time.

30 ELIGIBILITY FOR ELECTION AS DIRECTOR

- i A share holder member shall be eligible to be elected as Director only if he is a share holder member of the Bank for a minimum period of two years prior to the date of election and should have minimum deposit of any type of Rs.5,00/ for a minimum period of two years continuously prior to the date of election.
- ii a A share holder member shall not be eligible to be elected as a Director if he is disqualified under Section 28 or
 - b is a near relative of a paid employee of the Bank or
 - c i) is in default to the Bank or to any other society in respect of any loan taken by him or loan in which he has stood surety, for such period, as is prescribed in the Bye-laws of the society concerned or in any case for a period exceeding one month or is defaulter in the society or to any other society or
 - ii) 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 reserved or offence pardoned and a period of three years has not been 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, in 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 society 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 a period to be specified by him in the order of exemption or
(Provided further that this clause shall not apply in the case of an Employees Co-operative Society)
 - g is of unsound mind a deaf, mute or blind person or a leper or is minor or a nominal or an associate member.
(Provided that the disqualification of leprosy shall not apply to the members of committees of societies formed for the rehabilitation of lepers: or)
 - 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 the member of the committee) which has been superseded and a period of one year has not elapsed from the date of supersession; or
 - l has been surcharged under Section 68

31 VACATION OF OFFICE BY A DIRECTOR

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.

32 VACANCY IN THE BOARD OF DIRECTORS

Vacancies in the Board of Directors occurring through death, removal, resignation or any other reason shall be filled by a fresh election as provided for in the rules framed under the Act.

33 MEETINGS OF THE BOARD OF DIRECTORS AND NOTICE OF THE MEETING

- i The Board shall meet as often as is necessary to transact business, but it shall meet at least once a month. Notice of the meeting of the Board of Directors together with the Agenda of the meeting shall be sent to all the Directors at least eight days prior to the date of 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 Board, the Managing Director may obtain the orders of the Board by circulation of papers among the members such decision arrived at by circulation shall be place before the next meeting of the Board for their information should 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 Board.
- iii The member of the Board of Directors will be eligible for a sitting fee for attending Board meetings, which will be fixed by the Registrar from time to time.

34 QUORUM

The quorum for meeting of BoD shall be such number of persons just above 50% of the number of members of the BoD

35 POWERS OF THE BOARD OF DIRECTORS

- i To consider application for membership, allotment transfer of shares and resignation
- 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 of the annual general meeting.
- iv to consider applications 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 purpose 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 and Government and other Trustee securities, deposits and other approved securities.
- ix to approve purchase, sale and/or pledge of Government and Trustee securities on behalf of the Bank and delegate jointly to any one of the Directors and the Chief Executive Officer powers for the purpose of purchase, sale and/or pledge as the case may be.
- x to consider proposal for opening branches.
- xi to fix rate of interest on loans and deposits.
- 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 Board of 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 on Bank's establishment and to frame rules prescribing the procedure for filling the vacancies either by direct recruitment or by promotion from the 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 conveyer of such committee or committees appointed by the Board.
- xxi to arrange for election of Directors of the Board.
- xxii to open bank accounts, with any bank or financial institution and to authorise the officers of the Bank to deal with the same.
- xxiii to secure membership of or affiliation to appropriate institutions.
- xxiv to establish and support the provident fund scheme for the benefit of the staff.
- xxv to nominate representatives 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 all activities and business in furtherance of the aims and objects of the Bank.

- 36 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 defects in the appointment of such Board or person be as valid as if the Board or every such person has been duly appointed.
- 37 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. The Minutes shall be signed by the Chairman of the Meeting and the Chief Executive Officer of the Bank.

38 CHAIRMAN

The powers 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 the general working of the Bank.

a Board of Management

i i. Board shall constitute a five member committee (excluding CEO) called BoM to assist Board of Directors (BoD) in the Banking related functions of the Bank and to assist the BoD on formulation of the policy and any other related matters specifically delegated to it by the BoD for proper functioning of the Bank. Member of the Board of Management may be nominated from the members of the Board, provided not more than 50% of the BoM shall be from the Board. Under all circumstances, BoM shall have at least two members from outside the Board. CEO would be non-voting member. Members of BoM shall consist of persons having special knowledge or practical experience in respect of one or more of the following matters, namely, Accountancy, Agriculture & Rural economy, Banking, Co-operation, Economics, Finance, Law, SS Industry, IT any other subject in opinion of the Reserve Bank of India to be useful to the Bank. Any disqualification prescribed for member of the Board under Bye-laws and the Act and rules and Banking Regulation Act & Rules will also apply to a member of BoM. All the members of the BoM shall have "Fit and Proper" criteria prescribed by the Reserve Bank of India. The Board shall seek concurrence from RBI before removing any member of the BoM/ accepting resignation tendered by any member of the BoM, Reserve Bank of India reserves the right to supersede BoM and CEO.

Chairman of the BoM:- The Chairman of the BoM may be elected by the members of BoM from amongst themselves Under no circumstances the Chairman of the BoD shall be appointed as Chairman of the BoM.

- ii **Quorum:-** Quorum of the BoM shall be three.
- iii **Meetings of BOM:-** BOM may hold meetings at such periodicity as deemed necessary. Bank shall maintain proper record of the minutes of the meeting and the same shall be put up to BoD.
- iv **Notice of BoM meetings:-** Notice of a meeting of the BoM together with the agenda of the meeting shall be sent by the CEO, as per in consultation with the Chairman of the BoM, to all members at least five days prior the date of meeting. If deemed necessary detailed notes on agenda items shall also be sent to the Members. If exigencies arise the CEO, as per direction of the Chairman of BoM, may call for urgent meetings of the BoM by giving at least two day notice.
- v **Functions of BoM:-** The BOM shall exercise oversight over the banking related functions of the Bank, assist the BoD on formulation of the policy and any other related matters specifically delegated to it by the Board for proper functioning of the bank. The functions of the BOM shall include the following:
 - i. Rendering expert advice on all proposals being put up to the Board or any Committee of the Board for sanction of loans.
 - ii. Recommending action for recovery of NPAs, One Time Settlement or Compromise Settlement and assisting the Board in monitoring the same.

Settlement and assisting the Board in monitoring the same.

- iii. Overseeing the management of funds and borrowings in the bank.
- iv. Recommending proposals for investment of bank's funds as per the board approved policy
- v. Oversight on internal controls and systems and risk management in the bank
- vi. Exercising oversight on implementation of computerisation, technology adoption and other incidental issues in the bank
- vii. Overseeing internal audit and inspection functions including compliance
- viii. Oversight on complaint redressal system
- ix. Assisting the Board in formulation of policies related to banking functions, illustratively loan policy, investment policy, recovery policy, ALM and Risk management, etc. to ensure that policies are in tune with RBI guidelines
- x. Any other responsibility as may be delegated to it by the BOD.

xii. Carrying out the directions and instructions of the Board and do all other acts which have not been reserved to the Board by the bye-law. Provided that in the event where the Board differ with the recommendation of BoM , it shall do so by recording, in writing, the reasons thereof.

- vi **Sitting fees:-** Members of the BoM may be paid allowance/ sitting fees for their services with the approval of the Board.
- vii **Tenure of BoM:-** The tenure of BoM shall be co-terminus with the tenure of the BoD.

39 CHIEF EXECUTIVE OFFICER

The powers and duties of the 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 meetings 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 of the Bank and for additional shares and place them before the Board of Directors with his report and recommendations.
- vi to receive application for enrolment of nominal members and pass orders thereon.
- 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/recommendation.
- 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 custodian of cash on hand, property both movable and immovable, documents, securities and bonds.

- 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 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.

40 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 with or without security, subject to the directives issued by the Reserve Bank of India from time to time relating to loans and advances of the Bank. Loans and advances may be granted to the members of the staff also, according to the sub-rules approved by the Registrar.

- i Personal security and/or surety/sureties of other member/members.
- ii Collateral security of movable and immovable property.
- iii Industrial, mercantile, agricultural and other marketable commodities or machinery under pledge, hypothecation or charge of the Bank.
- iv Pledge of Government, trustee securities, shares of approved companies, debentures and fixed deposits 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 The Board may frame detailed loan regulations prescribing proportion and unsecured loans to total loans and advances, proper terms and conditions and the nature of securities acceptable for loans and advances for different purposes.

41 LINKING OF SHAREHOLDING WITH LOAN LIMITS

- a A borrower should hold shares at 5 percent of his borrowings if such borrowings are on an unsecured basis i.e.. In the form of clean overdrafts, loans against one or two personal sureties and purchase/discount of clean bills and cheques.
- b A borrower against tangible securities should hold shares of the Bank to the extent of 2.50 percent of his borrowings from the Bank.
- c In the case of loans for small-scale industrial units 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 2.50 percent. The total amount of share capital hold by a member will, however, have to be within the limits laid down under the Co-operative Societies Act.

42 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, savings, fixed, recurring, cumulative and under any other special schemes.

43 APPROPRIATION OF PROFITS

i The Bank shall, out of its net profit in any year

a Transfer an amount not less than 20 percent of the net profit to Reserve Fund.

b Credit such portion of net profits, not exceeding 5 percent as may be prescribed in the rules of the Co-operative Education Fund as referred under the Section 109 of the Act.

ii The balance of net profit may be utilised for all or any of the following purposes.

a Portion of dividend to the members on their paid up share capital on such rate not exceeding 25 percent.

b Contribution to building fund.

c Donations not exceeding 10 percent of net profits to any charitable purpose as defined in the Charitable Endowment Act, 1890.

d 5 per cent of net profit to the Professional education fund maintained by the Registrar.

The balance if any after appropriation as above shall be carried to Reserve Fund or to any other funds/Reserves beneficial to bank, as approved by the General Body.

44 RESERVE FUND

a 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.

b 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.

45 DIVIDEND

i The dividend declared shall be paid to the person whose name stands as the registered shareholder in the books of the Bank on the last day of the Financial 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 Reserve Fund of the Bank.

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

46 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.

47 AUDIT

The accounts of the Bank shall be audited by an auditor appointed by the Registrar.

48 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 specific resolution of the Board of Directors.

49 AMENDMENT TO BYE-LAWS

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

(Last ammendments on 2108/2023)