

THE BYE-LAWS

OF

**The..... Cooperative Aadhti Marketing Society
Ltd.,.....**

NAME, ADDRESS AND AREA OF OPERATION

1. The Society shall be called the Ltd.
.....It shall be referred to here-in-after as the society.
2. The registered address of the society shall be
.....Post Office
Tehsil.....District.....
.....
3. The area of operation of the society shall extend over
.....

OBJECTS

4. The objects of society shall be :-
 - (i) to provide services relating to mandi operations of loading/un-loading, filling/packing, weightment and stitching etc. of agricultural produce to the Co-operative Marketing-cum-Processing Society or other Society of the Government Agencies.
 - (ii) to arrange grading and processing of agricultural produce primarily of its members and purchase or hire and install suitable machinery for this purpose;
 - (iii) to hire or own godown and cold storages and to establish and undertake running of warehouses for the storage of produce;
 - (iv) to accept deposits and to borrow funds from the Co-operative Central Banks to which it is affiliated or the State bank of India or any other bank approved by the Registrar.
 - (v) to grant advances to members on the security of their produce;
 - (vi) to undertake measures to spread knowledge of co-operative principles and practices.
 - (vii) to disseminate among its members knowledge of the latest improvement in agriculture and to provide a new service to members about the market rates and allied matters; and
 - (viii) to undertake such others activities as are conducive to the attainment of the above objects.

MEMBERSHIP

5. (a) Membership of the society shall be open to persons who are:
 - (i) over 18 years in age and of sound mind;

- (ii) of good character.
- (iii) ordinarily residing in the area of operation of the society; and
- (iv) growers of agricultural produce.
- (v) a member must be a registered commission agent in market committee (as Kacha Aadhti)
- (b) The following shall also be eligible for admission as member of the Society.
 - (i) agricultural credit societies including agricultural multipurpose societies;
 - (ii) such other types of co-operative societies as are approved by the Registrar;
 - (iii) Central or State Warehousing Corporation;
 - (c) Assistant Registrar Co-operative Societies shall be an ex-officio member without incurring any liability or holding any share.

6. Notwithstanding the provisions of any other bye-laws, the State Government may contribute the share capital of the society. The share capital so contributed shall be retired in such period and manner as may be determined by the State Government.
7. No individual shall be eligible for admission as a member of the society if:-
 - (i) He has applied for bankruptcy, or
 - (ii) He has been declared as an insolvent, or,
 - (iii) He has been sentenced for any offence involving dishonesty or moral turpitude within 5 years preceding the date of his admission as member.
8. Applications for admission as members shall be addressed to the Manager of the society. Every such application shall be disposed of by the Managing Committee. If the committee refuses to admit a person, it shall record its reasons for such refusal and communicate them to the person concerned. Any person, who has been refused admission, shall have the right of an appeal to the Registrar within one month of the date of communication of refusal. The decision of the Registrar on such appeal shall be binding on the society and the appellant.
9. No member shall be admitted during 15 days preceding the date fixed for any general body meeting of the society at which office bearers are to be elected.
10. Every individual member on admission shall sign or make his thumb-mark in the register of members or on form specially provided for the purpose.
11. Every member shall, on admission, pay pattern an admission fee of Rs. 100/-.

12. (i) Every member of the society shall nominate a person or persons to whom his share or interest or such sums out of share or interest as may be specified by the member shall, on the death of the member, be transferred or paid as laid down in these bye-laws.
- (ii) such nomination may, from time to time, be revoked or modified by the member.
- (iii) the number of persons who may be nominated by a member shall not exceed the number of share held by the member.
- (iv) When a member of the society nominates more than one person, he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in the term of whole shares and the interest accruing thereon.
- (v) The record of nomination shall be kept by the society in such manner as may be laid down by the Registrar from time to time.
- (vi) The value of the share or interest transferred or paid to a nominee or nominees shall be determined on the basis of the sum actually paid by the member to acquire such share or interest.
13. No share shall be withdrawn, but shares may be transferred to a member or to a person duly qualified for membership and approved by the Managing Committee.
14. Any money due on any account from the society to a member or past member or persons claiming through him may be set off in payment of any such sum which he owes or for which he stands surety.
15. (a) A member of the society may be expelled by the Managing Committee subject to the confirmation of General Body for one or more of the following reasons:-
 - (i) ceasing to reside in the area of operation of the society;
 - (ii) failure of pay the amounts due from him to the society;
 - (iii) conviction of a criminal offence involving dishonesty or moral turpitude;
 - (iv) application for bankruptcy;
 - (v) action which may be held by the general body to be dishonest or contrary to the interest reputation and stated objects of the society, such as adulteration of produce.
- (b) In the case of member of this society noticed in future to be a member of the same kind of Society, the membership of member shall be terminated.

(c) No member shall be expelled except by a resolution passed by two-third majority in the general meeting in which at least half the members are present. The member so expelled shall have the right of appeal to the Registrar against the decision of the general body within one month of the date of such decision. The order of the Registrar on such appeal shall be binding on the society and appellant.

16. A person shall cease to be a member of the society in one or more of the following circumstances:-

- (i) death;
- (ii) ceasing to hold atleast one share;
- (iii) withdrawal after 6 months notice to the Manager of the society provided that the member withdrawing is not indebted to the society and is not surety for unpaid amount and provided further that the share/shares held by the member are disposed of in accordance with these bye-laws;
- (iv) permanent insanity;
- (v) declaration of bankruptcy.

LIABILITY

17. The liability of members for deficit in the assets of the society, in the event of its being wound up, shall be limited to five- times the value of the share capital subscribed by him.

18. Notwithstanding the provisions of bye-laws 17, the liability of the State Government in respect of the share capital subscribed by it shall not exceed the face value of the share subscribed.

FUNDS

19. The society may raise funds by:-

- (i) issuing of shares of the value of Rs 1000/- each.
- (ii) raising of loans from Government, Co-operative Banks or State-Bank of India and with the previous approval of the Registrar, from the commercial banks and other;
- (iii) acceptance of deposits from members only.
- (iv) acceptance of grant, subsidy or other financial assistance from the Government or other institutions or individuals;

20. Each member shall take at least one share of the value of Rs. 1000/- payable in lump sum at the time of admission.

21. No member shall hold shares of which the nominal value exceeds 25000/- or 1/5th of the total share capital actually subscribed, whichever be less. If any member, by inheritance or otherwise, becomes possessed of more than the

maximum holding permitted by this rule, the Managing Committee shall have power to sell the excess number or to buy them on behalf of the society and to hold the proceeds at his disposal.

MAXIMUM CREDIT LIMIT

22. The maximum credit limit of the society shall be fixed by the General Body in accordance with the instructions laid down by the Registrar from time to time. The limit thus fixed shall be subject to the approval of the Registrar, who may, at any time, reduce it.

GENERAL BODY

23. The General Body of members of the society shall meet from time to time at least once a year. A meeting of the General Body shall be convened by the Manager of the society under the directions of the Managing Committee. A general meeting shall also be convened, if the requisition for such a meeting, signed by not less than one-fourth of the total members, is received by the Managing Committee. If on the receipt of the requisition, the Managing Committee fails, within a reasonable time, to convene the general meeting, the signatories to the requisition may refer the matter to the Registrar, who may if he thinks fit, summon the general meeting. The Registrar may, on his own motion, at any time, summon a general meeting of the society.

24. At least a fortnight's notice, specifying the date, place and time and agenda of the general meeting, shall be given to all members. The notice of a general meeting may be given in the following modes:-

- (i) Affixing a copy of the notice at the society's office or at some conspicuous place in the area of operation of the society.
- (ii) By post.

The quorum for the general meeting shall be one-third of the total number of the members or 30, whichever is less. If, at the hour fixed for a general meeting, the quorum is not forthcoming, the Chairman of the meeting shall, if the meeting has been called on the requisition of the members, adjourn it and no further general meeting shall be convened on the strength of the requisition. If the general meeting is convened otherwise than on requisition, the Chairman shall postpone the meeting to a further date. A fresh notice for the subsequent general meeting shall be given to all members. The business at the subsequent general meeting may be transacted with the number of members present.

25. The President or, in his absence, the Vice-President, shall preside over the meetings of the General Body. When both of them are absent, the members present shall elect a chairman for the meeting.

26. Every member of the General Body shall have one vote irrespective of the number of shares held by him. Member societies shall be represented by one of its members. No other proxies shall be allowed. Unless otherwise provided in these bye-laws, all questions shall be decided by a majority of votes of the members present. When the votes are equal, the Chairman of the general body shall have a casting vote.
27. Unless otherwise provided in these bye-laws the ultimate authority in all matters relating to the administration of the society shall vest in the General Body.
28. Without prejudice to the general provisions of the preceding bye-law, the General Body shall have the following powers and duties:-
- (i) the election, suspension and removal of the elected members of the Managing Committee;
 - (ii) the consideration of the annual report of the society, its audited balance sheet and profit and loss account and the inspection notes;
 - (iii) disposal of profits;
 - (iv) the fixation of the maximum credit limit of the society consistent with these bye-laws, subject to the approval of the Registrar;
 - (v) amendment of bye-laws.
 - (vi) expulsion of members;
29. All business discussed or decided at a general meeting shall be recorded in a proceeding book which shall be signed by the Chairman of the meeting.

MANAGING COMMITTEE

30. The Managing Committee of the society shall be constituted the following manner :-
- (i) Assistant Registrar ex-officio.
 - (ii) Seven committee members to be elected by general meeting out of individual share holders.
 - (iii) Not more than two committee members to be co-opted by the Managing Committee. While co-opting such members, the Managing Committee may provide representation to agriculture or marketing experts.
 - (v) Three Committee members to be nominated by the Government under the Haryana Co-operative Societies Act, 1984, if the Government has subscribed a share capital to the society.
31. No member shall be eligible for election as a member of the committee, if he is :-
- (a) below 21 years of age ; or

- (b) a paid employee of the society or the financing bank; or
- (c) is convicted of any offence involving dishonesty or moral turpitude; or has applied for insolvency; or is declared insolvent; or
- (d) is of unsound mind ; or
- (e) is in default in the payment of the amount due to the society for a period exceeding 3 months from the date on which the payment fell due ; or
- (g) has during the harvest proceeding his election sold his agricultural produce through an agency other than the society after the society has commenced marketing business.

32. The elected members of the Managing Committee shall hold office for a period of five years from the date of their election.

- (a) The election of Managing Committee shall be conducted by the General Body in such a manner as laid down in the Haryana Co-operative Societies Act, 1984 and Rule, 1989 framed by the Registrar.

33. A member of the committee shall cease to hold office if he :-

- (i) ceases to be a share holder of the society; or
- (ii) applies for insolvency or is declared insolvent; or
- (iii) is convicted of any offence involving dishonesty or moral turpitude; or
- (iv) holds any office or place of profit under the society or receives any honorarium; or
- (v) resigns and his resignation is accepted by the committee; or
- (vi) except in case of nominated Director, absents himself from three consecutive meetings of the Managing Committee without any valid reason; or
- (vii) defaults in the payment of the amount due to the society for a period exceeding 3 months from the date on which payment fell due; or becomes a paid employee of the society or of the financing bank; or
- (xiii) ceases to be a member of the primary society, he represents.

34. The members of the Managing Committee shall elect from amongst themselves the President and the Vice-President.

35. Meeting of the Managing Committee shall be held when necessary. At least 15 days notice of the meeting shall be given to Committee Members before a meeting is held. Three members shall form a quorum. The President or the Vice President or in his absence a member elected by those present in a meeting shall preside. Unless otherwise provided in these bye-laws, all questions shall be decided by a majority of votes. Each member shall have one vote. In case of equality of votes, the Chairman shall have a casting vote. An emergency committee meeting can be called over giving a less or short time notice.

36. The Managing Committee shall exercise all the powers and discharge all the duties of the society except those reserved for general body subject to any regulations or restrictions duly laid down by the society in a general meeting or in the bye-laws. In particular, the Managing Committee shall have the following powers and duties:-
- (i) to observe in all their transactions the provisions of the Act, the notified rules and the bye-laws ;
 - (ii) to maintain true and accurate accounts of all money received and expended and all stock bought and sold ;
 - (iii) to keep a true account of the assets and liabilities of the society ;
 - (iv) to keep a register of members correct and up-to-date ;
 - (v) to prepare and lay before the annual general meeting, a profit and loss account and audited balance sheet ;
 - (vi) to examine the accounts, sanction contingent expenditure and supervise the maintenance of the prescribed registers ;
 - (vii) to consider the inspection notes of the Registrar or his staff and the Audit notes of Chief Auditor or his staff and to take necessary action ;
 - (viii) to elect new members, to issue new and transfer old shares ;
 - (ix) to give directions to Manager to summon general meetings in accordance with these bye-laws ;
 - (x) to contract loans subject to any restriction imposed by the general body or by the Registrar ;
 - (xi) to decide the terms of the purchase and sale of agricultural implements, seed, manure, household requirements and other requirements connected with agricultural production and to arrange the sale and storage of agricultural produce of its members ;
 - (xii) to supervise the sale conducted by the Manager ;
 - (xiii) to lease or buy land required for the business of the society and to lease or erect godown of warehouses and an office with the previous sanction of the Registrar;
 - (xiv) to fix the rates of the charity and other cesses payable on sales over and above the society's commission;
 - (xv) to arrange for the safe custody of all produce and stock;

- (xvi) to decide the terms and the period for which the advances are to be given against the security of the agricultural produce, and to arrange for the recovery of advances and interest;
 - (xvii) to watch for, and guard against the adulteration of produce sold through the society, and the evasion of the duty of members to sell through the society and their saleable produce and in either case to find the offender a sum that may extend to Rs. 100/- ;
 - (xviii) to assist in the inspection of the books by any person authorized to see them ;
 - (xix) to appoint, suspend, dismiss, or punish employee subject to any conditions laid down by the Registrar from time to time and to take proper securities from them as determined by the Registrar ;
 - (xx) through any member, or officer, or employee of the society or any other persons specially authorized to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the society or committee or officers or employees concerning the affairs of the society ;
 - (xxi) to acquire on behalf of the society shares in other registered co-operative societies;
 - (xxii) to arrange for the safe custody of books, and to appoint one of its members or one of the officers of the society resident in the village, to take charge of all the registers and papers prescribed in these bye-laws ;
 - (xxiii) to appoint one of the members of the committee to take charge of all money received and generally to carry on the duties of a treasurer in the absence of the treasurer. The person thus appointed shall hand over the money thus received to the treasurer immediately on his return ;
 - (xxiv) to accept or reject the resignation from the committee member and in case of acceptance the casual vacancy arisen in the Committee shall be filled up in accordance with the provisions of Section 28(4) of the Haryana Co-operative Societies Act, 1984.
 - (xxv) to invest the surplus funds of the society in accordance with the Co-operative Societies Act, or Rules framed thereunder ;
 - (xxvi) to purchase, sell, hire or otherwise acquire or dispose of property on behalf of the society ;
37. It shall be competent for the Managing Committee to frame subsidiary rules for the conduct of the business of the society consistent with these bye-laws.

Such subsidiary rules shall be entered in the minute book of the society and shall take effect only after their approval by the Registrar.

38. The Managing Committee may constitute an executive committee and delegate to it such power and function as it considers fit.
39. In the conduct of the affairs of the society the members of Managing or Executive Committee shall exercise the prudence and diligence of ordinary men of business and shall be responsible for any loss sustained through acts contrary to the law, the bye-laws and the stated objects of the society.
40. All business discussed or decided at a meeting of the Managing or executive Committee shall be recorded in a proceedings book which shall be signed by the Chairman of the meeting and all the members of the Committee present.

MANAGER AND MUNIM

41. The Managing Committee shall appoint a Manager or Munim, Assistant Munim (if necessary) subject to the approval of the Registrar. The Manager, the Munim and Assistant Munim (if any) shall work under the general control of the Managing Committee. The Manager shall also perform the duties of a Treasurer if no one else has been appointed in this capacity.

MANAGER

42. The powers and duties of the Manager shall be as follows:-
 - (i) to maintain correctly and up-to-date the prescribed papers and registers;
 - (ii) to procure from borrowers the due execution of bonds with security when required under these bye-laws;
 - (iii) to prepare all receipts, vouchers and documents required by the Rules or bye-laws or called for by the Committee;
 - (iv) to sign on behalf of the society and to conduct its correspondence;
 - (v) to summon and attend all meetings of General Body and the Managing Committee;
 - (vi) to record the proceedings of such meetings and have them duly signed;
 - (vii) to prepare the annual statements, and submit them to the Registrar within the period prescribed by him;
 - (viii) to control the staff under him;
 - (ix) to certify copies of entries in the books under the Co-operative Societies Act;
 - (x) to incur contingent expenditure within limits fixed by the Managing Committee;

- (xi) to sell agricultural produce and to buy agricultural implements and other requirements as directed by the committee or the executive committee;
- (xii) to receive money due from the society;
- (xiii) to pay money due from the society;
- (xiv) generally to conduct the current business of the society and perform all duties entrusted to him by the Committee.

43. The powers and duties of Munim shall be:-

- (i) To keep all accounts and registers, and to prepare all receipt vouchers and other documents required for the transaction of the business of the society, to conduct the correspondence, to supply all needful information to members and to perform all duties assigned to him by the executive committee or the managing committee or the Manager;
- (ii) To procure from buyers and sellers the due execution of receipts and other acknowledgement.

TREASURER

44. Treasurer shall be elected by the Managing Committee and he shall take charge of all money received by the society from any source and shall make disbursement in accordance with the directions of the committee. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the President, committee or auditor or any officer of the Co-operative Department.

REGISTERS

45. The following books and papers shall be maintained:-

- (i) A register of member.
- (ii) Cash book.
- (iii) Ledger account for each member, depositor, creditor, miscellaneous and contingent income and expenditure and the purchase and sale of any goods etc.
- (iv) Proceedings book.
- (v) Share list or register of shares.
- (vi) A stock register.
- (vii) Register of purchase and sale.
- (viii) A pass book for each member and depositor.
- (ix) Any other register prescribed by the Registrar or required by the society for its business.

46. The books of the society shall be open to inspection to any one interested in the funds of the society except that no one shall be allowed to see the deposit account of any person without that person's consent in writing. Copies of

bye-laws and the balance sheet shall be supplied free on demand to any member.

ADVANCES

47. The Managing Committee may give advances to the members subject to the following conditions:-

- (i) No advance shall be given except on the security of agricultural produce stocked with the society and pledged in favour of the society.
- (ii) It shall be competent for the society to raise funds from the Co-operative Central Banks or the State Banks of India on the Security of the goods pledged with it by members for loans obtained by them.
- (iii) Such advances shall be limited to 66% of the market value of the produce on the date of grant of the advance.
- (iv) In the event of fall in the market value of produce pledged with the society, the Managing Committee shall either recover such part of the advances or would reduce the amount of advance so as to bring it within the limit specified at (ii) above or shall direct the borrowers to pledge additional quantity of the produce as would make up the deficiency in the value of the produce pledge. If the borrower fails to pay up the amount of advance or furnish additional security of the produce, the Managing Committee shall be competent to sell the produce pledged with the society and recover the amount due to it, without giving any further notice to the borrowers.
- (v) Advances sanctioned to an individual member shall not exceed such amount as may be specified in the rules of business of the society.
- (vi) The amount advanced shall generally be repayable in a period of not exceeding 3 months and in no case a period exceeding 6 months.
- (vii) The advances shall carry such rate of interest as would be fixed by the Managing Committee.
- (viii) Notwithstanding anything provided in this bye-laws, the Managing Committee may advance loan to a member equal to his paid up share capital or Rs. 1000/- which ever be less as clean loan.

OUTRIGHT PURCHASE

48. The Managing Committee shall not generally purchase outright the agricultural produce outright purchases, however, may be made whenever necessary subject to the following conditions:-

- (i) Outright purchases shall be confined to such commodities as shall find ready market.
- (ii) The funds invested in outright purchases shall not exceed the owned capital of the society.

DISTRIBUTION OF PROFITS

49. The net profits of the society, as per audited balance sheet, shall be distributed as follows:-

- (i) At least 10 % shall be carried to the Reserve Fund;
- (ii) Such proportion, not exceeding 5 percent of the net profits, as may be specified by the Registrar, by general or special order shall be carried to Co-operative Education Fund to be administered in accordance with the instructions from the Registrar issued from time to time;
- (iii) Not less than 25% shall be distributed as rebate to members in proportion to their purchases from and sales to the society subject to the maximum of 90% of the commission earned by the society from its transactions with a members.
- (iv) The remainder may be utilised for one or more of the following purposes:-
 - (a) distribution of dividend amongst members at a rate not exceeding 10 percent per annum on the value of the shares actually paid-up;
 - (b) distribution of bonus to deserving employees subject to a maximum of one months salary;
 - (c) creation of building fund, loss adjustment fund and any other fund required by the society;
 - (d) amount not exceeding 9 percent of the net profit may be spent on any charitable purpose as defined in section 2 of the Charitable Endowment Act, 1890 or be allocated to a committee good fund devoted to any of these purposes;
 - (e) any surplus may be credited to Reserve Fund or carried over to the profits of the next year.

Allocation of net profits shall be decided upon by the General Body on the recommendation of the Managing Committee and also with the prior approval of the Registrar.

50. It shall be competent for the society to incur expenditure on such measures as are conducive to the imparting of knowledge of co-operative principles and practices, for this purpose, the society shall contribute to the Haryana Co-operative Bank every year such amount not exceeding Rs. 10/- as may be directed by the Registrar.

51. The Reserve Funds shall be indivisible and no member shall be entitled to claim a specific share in it, provided that in exceptional circumstances, with the prior approval of Registrar the Reserve Fund may be utilized in meeting losses.

AMENDMENT OF BYE-LAWS

52. No amendment to these bye-laws shall be carried out without following due procedure of law as prescribed in section 10 of the Haryana Co-operative Societies Act, 1984 save in accordance with a resolution passed at a general body meeting in accordance with of which due notice of the intention to discuss the amendments has been given;

Provided that no such resolution shall be valid unless it is passed by a majority of members present at the general meeting at which not less than two third of the members for the time being of the society are present:

Provided further that model bye-laws or amendments previously approved by the Registrar may be adopted by a simple majority at a general meeting with an ordinary quorum.

MISCELLANEOUS

53. The society shall pay such audit fee as may be assessed from time to time by the authority competent to do so.
54. If the society is indebted to a co-operative central financing institution, it shall be competent for a representative of the latter to inspect the and record of the society and the Managing Committee of the society shall arrange the production of books and record before such representatives.
55. The services of the members of the Managing Committee shall be honorary, but they may be paid travelling and daily allowance on a scale fixed by the committee and approved by the Registrar.
56. Should any doubt arise with regard to interpretation of any of these bye-laws the matter shall be referred to the Registrar whose decision shall be final.
57. (a) No person shall be employed by the society unless he satisfied the qualification that may be laid down by the Registrar from time to time.
(b) No person shall be employed by the society without obtaining from him security in such form and according to such standards as may be laid down by the Registrar from time to time.

58. If any dispute, other than a dispute regarding disciplinary action taken by the society or its Managing Committee against a paid servant of the society, touching the constitution or business of the society, arises between the members and past members of the society or other persons referred to in the relevant provisions of the Haryana Co-operative Societies Act and the Rules framed thereunder, it shall be disposed of in the manner provided in such an Act and the Rules.
59. The society shall maintain such accounts and other record connected with accounts in such form or manner as may be directed by the authority competent to do so under the Co-operative Societies Act.
60. The Society shall prepare and submit such returns and statements as the Registrar may from time to time specify.
61. The society may in the circumstances specified by the relevant provisions of the Haryana Co-operative Societies Act, be wound up and cancelled by the Registrar in accordance with the procedure laid down by such an Act and the Rules framed thereunder.
62. In these bye laws unless there is anything repugnant to the context, the Registrar shall include an officer subordinate to him and authority by him in this behalf.