

# The Bye-Laws

OF

## The ..... Cooperative House Building Society Limited

NAME, ADDRESS AND AREA OF OPERATION

1. The Society shall be called the .....  
Co-operative House Building Society Limited. 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 cover the following village/villages.

### OBJECTS

4. The objects of the society shall be :—
  - i) to purchase or acquire land by lease, exchange or otherwise ;
  - ii) to construct, hire or acquire buildings for the individual and collective benefit of the members ;
  - iii) to sell or to exchange house sites with members, rent or lease buildings for common use, surrender or accept surrender of houses or house sites ;
  - iv) to purchase and sell to members requisite material for construction and repairs of houses ;
  - v) to establish and carry on sanitary, social educational and recreational activities for the benefit of the members ;

- vi) to give loans to members for the construction on the behalf;
- vii) to sanction house plans;
- viii) to undertake measures to spread knowledge of Co-operative Principles and practices; and
- ix) to undertake such other activities as are conducive to the attainment of the above objects.

#### MEMBERSHIP

5. Subject to the provisions of bye-laws 6, any individual shall be eligible for admission as a member of the society, if he is :—

- i) over 18 years of age and of sound mind;
- ii) ordinarily resident in the area of operation of the society;
- iii) of good character;
- iv) interested in building a house for his own use.

6. 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.
- iii) he has been sentenced for any offence involving dishonesty or moral turpitude within 5 years preceding the date of his admission as a member.

7. Application for admission as a member other than those who join the application for registration and for allotment of shares shall be disposed of by the Managing Committee of the Society. 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.

8. No member shall be admitted during 15 days preceding the date fixed for general body meeting of the society at which office-bearers are to be elected.

9. Every member on admission shall sign his name or make his thumb mark in the register of members & shall pay an admission fee of Rs. /-.

10. i) Every member of the society shall nominate a person or persons to whom his share or interest or such sums out of share of interest as may be specified by the member shall, on the death of member, be transferred or paid as laid down in these bye-laws.
- ii) Such nomination may, from time to time, revoked or modified by the member.
- iii) The <sup>number</sup> member of persons who may be nominated by a member shall not exceed the number of shares 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 paid or transferred to each nominee in the terms of whole shares and 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.
11. a) A member may be expelled for one or more of the following reasons:—
- i) ceasing to reside in the area of operation of the society;
  - ii) failure to pay the share money or amounts due from him to the society;
  - iii) conviction of a criminal offence involving dishonesty or moral turpitude;
  - iv) application of bankruptcy;
  - v) an 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 misapplying a loan incurring serious outside liability, without the society's knowledge or refusing to give information as his debts, etc.
- b) No member shall be expelled except by a resolution passed by two-third majority in the general meeting at which not less than half the members are present and vote. 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 appeal shall be binding on the society and the appellant.

12. A person shall cease to be a member of the society provided more of the following circumstances :—

- i) death ;
- ii) ceasing to hold atleast one share ;
- iii) withdrawal after 6 month's notice to the society provided that the member withdrawing is not indebted to the society and is not surety for an unpaid debt and provided further that the share/shares held by the member are disposed of in accordance with bye-laws 18 and 19 ;
- iv) Permanent insanity ;
- v) declaration of bankruptcy.

#### LIABILITY

13. The liability of a member 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.

#### FUNDS

14. The society may raise funds by :—

- i) issuing of shares of the value of Rs. 50/- each.
- ii) acceptance of deposits from members.
- iii) raising of deposits and loan from non-members.
- iv) accumulation of profits.

15. Each member shall take atleast one share of the value of Rs. 50/-. At the time of admission, each member shall pay Rs. 20/- towards the value of the share and rest shall be paid in three equal six monthly instalments.

16. No member shall hold shares which the nominal value exceeds Rs. 2500/- or 1/5th of the total share capital actually subscribed whichever be less. If any member by inheritance or otherwise become possessed of more than the maximum holding permitted by this rule, the managing committee shall have power to sell excess number or to buy them on behalf of society and hold the proceeds at his disposal.

17. If the payment due on account of shares remains unpaid for more than 3 months, the managing committee may declare such shares forfeited together with all payments made thereon and the right of membership attaching to those shares shall thereupon extinguished. The committee may allow such shares to be restored provided :—

- i) that all shares together with such interest as the committee may demand are paid up ; and

- ii) that such payment is made within three months of the date of forfeiture.

18. No share shall be withdrawn but shares may be transferred to a member or to a person qualified for membership and approved by the Managing Committee.

19. The value of the shares transferred shall in no case be more than the sum received by society in payment thereof.

#### MAXIMUM CREDIT LIMIT

20. 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

21. All the members of the society on a given date shall constitute the General Body of the society.

22. 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 Secretary of the Society under the direction 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 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.

23. 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 the general meeting may be given in one or more of the 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 circulation of the notice book and getting signature of the member on it;
- iii) By post.

The quorum for the general meeting shall be one third of the total number of 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.

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

25. Every member of the General Body shall have one vote. Voting by proxies shall not be allowed to the General Body. 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 Chairman of General Body shall have a casting vote.

26. 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.

27. Without prejudice to the general provisions of the preceding bye laws, 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) the fixing of maximum credit for each member provided that such limit shall not be more than that laid down in the Registrar's instructions; this limited may be exceeded with the special sanction of the Registrar in each case;
- vi) amendment of bye-laws;
- vii) sanction of the plan of construction of houses in common use of the society and of general lay of the housing plans and streets, roads and drains;
- viii) to sanction contributions and levies on members for common services rendered by the society;
- ix) transaction of any other business with the permission of the Chairman by the general body.

28. Each member present shall be entitled to exercise one vote only. The president shall have a casting vote. No member who is in arrears of his share instalments shall be entitled to vote.

29. All business discussed or decided at a general meeting shall be recorded in a preceding book which shall be signed by the Chairman of the meeting.

## MANAGING COMMITTEE

30. The Managing Committee shall consist of not more than seven members of the society.

31. No person shall be eligible for election as a member of the Managing Committee of the society if he :—

- (a) is below 21 years of age; or
- (b) is a paid employee of the society or the financing bank; or
- (c) is convicted of any offence involving dishonesty or moral turpitude; or
- (d) has applied for insolvency or is declared insolvent; or
- (e) is of unsound mind; or
- (f) is in default in the payment of the debts due to the society for a period exceeding six months from the date on which the payment fell due; or
- (g) holds any office of profit under the society or receives any honorarium; or
- (h) is interested directly in any contract with the society or in any sale or purchase made by the society privately or in auction; or
- (i) is in arrears of share instalment.

32. The member of the Managing Committee shall hold office for one year and shall be eligible for re-election; provided that if for any reason, a general meeting is not held within one year, the existing committee shall continue to hold office till the election of new committee, but such election shall ordinarily be held within eighteen months after the election of the previous Committee.

33. A member of the Committee 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
  - 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) absents himself from three consecutive meetings of the Managing Committee; or
- vii) defaults in the payments of his debt due to the society for a period exceeding six months from the date on which the payment fell due; or
- viii) becomes a paid employee of the society or of the financing bank; or
- ✓ ix) acquires an interest directly or indirectly in any contract with the society or in any sale or purchase made by the society privately or in auction; or
- x) fails in arrears of share instalments.

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. The members shall form a quorum. 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.

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 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 Act, the notified rules and bye-laws;
- ii) to maintain true and accurate accounts of all money received and expended and all stock brought and sold;
- iii) to keep a true account of the assets and liabilities of the society;
- iv) to keep a register of member 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 inspection notes of the Registrar and his staff and the audit notes of Chief Auditor and his staff and to take necessary action;

- (viii) to elect new members, issue new and transfer old shares;
- (ix) to arrange for the recovery of shares, instalments and interest on overdue instalments;
- (x) to give directions to Secretary to summon general meetings in accordance with these bye-laws;
- (xi) to contract loan subject to any restrictions imposed by the general body or by the Registrar;
- (xii) to decide the terms and periods for which the loans are to be given, to approve or reject the security, to arrange for the recovery of loans and interest and to sanction renewals when necessary;
- (xiii) to decide the terms on, the period for the rate of interest at which deposits are to be received and to arrange for the payment or return of deposits;
- (xiv) to watch that loans are applied to the approved purpose for which they are made;
- ✓ (xv) to assist in the inspection of the books by any person authorised to see them;
- (xvi) 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 as determined by the Registrar;
- (xvii) through any member, or officer, or employee of the society or any other persons specially authorised to institute, conduct, defend, compromise, refer to arbitration, or abandon legal proceedings by or against the society or committee or officers or employee concerning the affairs of the society;
- (xviii) to acquire on behalf of the society shares in other registered Cooperative Societies;
- (xix) to arrange for the safe custody of books and 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 the bye-laws and to send the original charge report on this behalf of the office of Assistant Registrar;
- (xx) to appoint one of the members of the committee to take charge of all money received and generally to carry on duties of a treasurer in the absence of the treasurer. The person thus appointed shall hand over money thus received to the treasurer immediately on his return;

- ✓ (xxi) to accept or reject the resignation from the Committee member and in case of acceptance, to co-opt another member till the election of a committee member by the general body in his place;
- xxii) to invest the surplus fund of the society in accordance with the co-operative Societies Act or rules framed thereunder;
- ✓ (xxiii) to purchase or acquire land by exchange, lease or otherwise for the construction of the house;
- (xxiv) to sell, let out or less house sites to members for the construction of the house;
- (xxv) to lay out roads and drains to arrange other utility services such as water-supply and electricity etc., subject to sanction of the General Body;
- (xxvi) to purchase and sell material for construction and repair of houses;
- (xxvii) to assess contributions and impose levies for common services rendered by the society subject to the confirmation of General Body;
- (xxviii) to sanction house plan;
- (xxix) generally to carry on the business 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 powers and functions 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 or ordinary men of business and shall be responsible for any loss sustained through acts contrary to law, the-byelaws, 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 proceeding book which shall be signed by the Chairman of the meeting and all members of the committee present.

41. No member of the Committee shall vote in any application for a loan in which he himself is interested as a borrower or surety. No member of the Committee shall stand surety for a new loan to any members of Committee.

## SECRETARY

42. The powers and duties of the secretary 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 bounds with security when required under these bye-laws ;
- iii) to prepare all receipts, vouchers and documents required by the Rules of bye-laws or called by the Committee ;
- iv) to sign, on behalf of the society and to conduct its correspondence ;
- v) to summon and to attend general meetings ;
- vi) to record the proceedings of such meeting and have been duly signed ;
- vii) to prepare the annual statements and submit them to the Registrar within the time prescribed by him ;
- viii) to control the staff under him ;
- ix) to certify copies of entries in the books under Co-operative Societies Act ;
- x) to incur contingent expenditure within limits fixed by the Managing Committee ;
- xi) generally to conduct the current business of the society & perform all duties entrusted to him by the Committee

## TREASURER

43. 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 take disbursement in accordance with 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 Cooperative Department.

## REGISTERS

44. The following books and papers shall be maintained :—

- i) A Register of members ;
- ii) Cash Book ;

- iii) Ledger accounts for each member, depositor, creditor, miscellaneous and contingent income and expenditure and purchase and sale of any goods etc ;
- iv) Kistbandi ;
- v) Proceedings Book ;
- vi) Share list of Register of Shares ;
- vii) A Register of Sureties ;
- viii) A register showing maximum credit limit of each member ;
- ix) A Stock Register ;
- x) A pass book for each member and depositor ;
- xi) Register for confirmation of Accounts ;
- xii) Any other register prescribed by the Registrar or required by the society for its business.

45. 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 the member.

#### 46. Committee of Houses.

- i) The construction of houses shall ordinarily be undertaken by the members themselves, but if the members so desire, the Managing committee may undertake construction at the expense and risk of the members. When the Managing Committee undertake construction of houses, it shall require the members concerned to pay into the society in advance the whole of the estimated cost whether in lumpsum or in such instalments as the Managing Committee may require. If a building is to be constructed out of a loan or loans taken from the society the borrower concerned shall execute the necessary bond or bonds authorise the Managing Committee to draw the money from the society from time to time as the work progresses.
- ii) The construction of a building, from which a loan is given to a member, shall be commenced within two months & completed within 15 months from the date of disbursement of the first instalment of a loan. If any member fails to a committee or complete the construction within the specified time, the Managing Committee may take the construction in its own hands and complete it, debiting the expenditure to the loan account of the member concerned, provided the Member is unable to establish to the satisfaction of the Managing Committee that the delay was due to circumstances beyond his control.

- iii) The houses built by the members out of loan received from the society shall be liable to periodical by the Managing Committee as to its construction valuation as may be determined by it.

#### 47. Bar against Alienation

No member shall alienate any house site bought or house constructed with the help of loan taken from the society except to the member of the society. Such alienations will be under conditions as may be laid down by the Managing Committee.

#### 48. Repair of building

Every building shall, until the amount due there on the society is paid in full, be kept up in good repair by the owner. The Managing Committee shall have power to cause any repair to be carried out if they are of the opinion that for want of such repair to the society is likely to suffer loss and shall debit the amount to the loan account of the member concerned.

### LOANS

49. Applications for loans and/or cash credit shall be made to secretary. The applications shall among other matter contain particulars of the purpose for which the loan etc. is required. Such application shall be disposed of by the managing committee who may sanction or reject his application.

50. No loan shall be given except for the construction of new dwelling houses and repair old houses.

#### 51. Disbursement of loans

Loans granted for the construction of new houses shall be disbursed only in instalment as the work of construction progresses. The second and subsequent instalment shall be given only after the managing committee has satisfied itself that the instalment or instalments already drawn have been properly utilised, that the work actually done together with the value of the land brought up-to-date represents expenditure exceeding by atleast 25 percent of the actual amount already drawn from the loan sanction for the work.

52. Loan and cash credit shall be given only to members. No person shall claim a loan or cash credit as matter of right. No loans shall be advanced to a member who is in arrears of his share instalments or is a president default.

#### 53. Security for loans

- i) Loans shall be given on the security of the site or sites belonging to the borrower together with any building or other appurtenances thereon whether they exist at the

time of the loan or are constructed during the currency of the loan where necessary the managing committee shall take additional security either in the form of personal sureties or other immovable property.

- ii) Only the first mortgage of the house sites or house buildings shall constitute the security.
- iii) houses given in security shall be insured against for their full value. The insurance premium shall be paid by the borrower, failing which the society may pay and debit the amount to the concerned member.

#### 54. Repayment of loans

- i) Every member who has taken a loan from the society shall repay the amount together with the interest due thereon by equated monthly instalments. The monthly payments shall be paid on or before the 15th of the month succeeding that to which it relates. The maximum period of repayment shall in no case exceed 20 years.
- ii) It shall be open to the borrower to repay a large part of whole loan borrowed from the society at any time.

55. If a loan is not applied to the purpose for which it is borrowed, the Managing Committee shall be competent to recall it immediately.

All loans shall be issued subject to the right of the society to recall them without notice when any loss is apprehended through a weakening of the borrower's financial position.

56. The rates of interest on loans to be charged by the society be fixed by the general body. Such rate or rates shall come into force after they are approved by the Registrar. The Registrar may, on his own motion direct the society to vary the rates of interest and such direction shall be binding on the society.

57. With the previous approval of the Registrar the society may have more than one rate of interest in respect of loans for particular objects, but no discrimination shall be exercised in the rate of interest for the loans advanced for the same purpose at the same time.

58. The society may, with the prior approval of the Registrar, fix a penal rate of interest to be charged in respect of loans in whose repayment there is a default.

#### DISTRIBUTION OF PROFITS

59. The net profit of the society, as per audited balance sheet shall be distributed as follows :

- i) At least 70 percent shall be carried to the Reserve Fund;

- ii) such proportions, not exceeding 5 percent of the net profit as may be specified by the registrar, shall be carried to the Co operative Education Fund to be administered in accordance with the instruction from the Registrar issued from time to time ;

- iii) The remainder may be utilised for one or more of the following purposes ;

- (a) distribution of dividend amongst members at the rate net exceeding 10 percent per annum on the value of the shares actually paid up ;

- (b) distribution of bonus to the employees of the society not exceeding one month's salary ;

- (c) a sum not exceeding 9 percent of the net profits may be spent on any charitable purpose as defined in Section 2 of Charitable Endowment Act, 1890 or to be allocated to Common Good Fund devoted to any of these purposes ;

- (d) creation of a Bad Debt Fund, Building Fund, or any other fund required by the society ;

- (iv) any surplus may be credited to Reserve Fund or carried to the profits of the next year.

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

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

#### AMENDMENT OF BYE-LAWS

62. No amendment to these bye-laws shall be carried out save in accordance with a resolution passed by general body meeting of which due notice of the intention to discuss the amendment has been given ;

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

63. The society shall pay such audit fee as may be assessed from time to time by the authority competent to do so.





# Certificate of Inspector-Sub Inspector

**Sub Inspector  
Co-operative Societies**

.....

*Countersigned*

**Inspector**

**Co-operative Societies**

.....

r  
a  
d  
  
th  
ar

---

Haryana Co-operative Press, 165-66, Industrial Area, Chandigarh.