

**DRAFT BYE- LAWS OF
THE AJARA URBAN CO OPERATIVE BANK
LTD., AJARA
DIST- KOLHAPUR
(MAHARASHTRA)
(AS PER MSCS ACT 2002)**

Registered Office

**393 B, Main Road, Ajara,
Taluka Ajara, Dist- Kolhapur,
State – Maharashtra
Pin No.- 416505**

1 NAME, ADDRESS AND AREA OF OPERATION:

- a) The Bank shall be called as THE AJARA URBAN CO-OPERATIVE BANK LTD, AJARA
- b) The Bank was registered under the Maharashtra State Cooperative Societies Act 1960 vide Registration No. 24099 dt 19th Oct 1960 and the Bank has been granted license by the Reserve Bank of India to carry on Banking business vide license No. UBD.MH.458 P Dated 18-4-1986
- c) The Bank shall have a principal place of business which shall be the Registered Office of the Bank. The Registered Office and Head Office of the Bank shall be at 393 B, Main Road, Ajara, Taluka Ajara, Dist- Kolhapur, State Maharashtra Pin Code 416505. Any change in address shall be notified to the Central Registrar within 15 days of its change and also published in local newspaper and shall be made by an amendment of its Bye-laws after following the procedures laid down in Section 11 of the Multi-State Co-Op. Societies Act, 2002.
- d) The area of operation of the Bank shall be confined to the whole State of Maharashtra and Karnataka. For any revision in this regard, prior approval of the Reserve Bank of India as also the Registering Authority shall be necessary.
- e) The Bank shall have a Common Seal. The Common Seal shall be kept in the safe custody of the Officer authorized by the Board and shall be used on the authority of a resolution of the Board constituted under the Bye-laws of the Bank.
- f) The Bank is body corporate which can sue and be sued in its name.

2 DEFINITIONS:

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

- i) “Act” means the Multi State Cooperative Societies Act, 2002 as amended from time to time;
- ii) “Rules” means the Multi State Cooperative Societies Rules, 2002 made under Multi State Cooperative Societies Act, 2002 and as amended time to time;
- iii) “Central Registrar”, means the Central Registrar of Cooperative Societies appointed under the provisions of the MSCS Act 2002;
- iv) “Bye-laws” means the Bye-laws of the Bank for the time being in force which have been duly registered or deemed to have been registered under the Multi State Cooperative Societies Act in force and includes amendments thereto which have been duly registered or deemed to have been registered under the Act;
- v) “Delegate” means a person who is duly appointed/elected by the Members of the Bank or part thereof in accordance with its Bye-laws as its representatives to the General Body of the Bank or a person who is duly authorised by the Board of the Bank to represent the Bank in General Body of the Bank of which the Bank is a Member;

- vi) “General Body”, means all the Members of the Bank and includes a body constituted under the provisions of the Act;
- vii) “Board” means the Board of Directors of the Bank;
- viii) “General Meeting” means a Meeting of the General Body of the Bank and includes Special General Meeting;
- ix) “Chief Executive” means Chief Executive Officer of the Bank;
- x) “Person” means an adult individual competent to contract Indian Contract Act 1872, proprietary concern, partnership firm duly registered under the Indian Partnership Act 1932, Limited Liability Partnership (LLP), company or any other body corporate constituted under the law for the time being in force, society registered under the Societies Registration Act of 1860, State Government, Central Government, local authority, Self Help Group (SHG), Joint Liability Group (JLG), Trust registered under any law for the time being in force;
- xi) “Officer” means a Chairman, Vice-Chairman, Chief Executive Officer, Managing Director, Chief General Manager, General Manager, Deputy General Manager, Assistant General Manager, Chief Manager, Manager, Asst Manager, Officer, Members of the Board, Treasurer, Liquidator, an Administrator appointed under Sec. 123 and includes any other person empowered under Multi State Cooperative Societies Act or the Rules or the Bye-laws to give direction in regard to business of the Bank;
- xii) “Functional Director” means and includes any heads of the Departments of the Bank who will be whole time officers of the Bank nominated by the Board of Directors;
- xiii) “Member” means a person who is admitted as Member of the Bank and continues to be so for the time being and includes existing members of the Bank;
- xiv) “Nominal Member” means a person who has been admitted as a nominal Member or associate Member under the Bye-law of the Bank;
- xv) “Multi State Cooperative Society” means a cooperative society registered or deemed to be registered under the Multi-State Cooperative Societies Act 2002,;
- xvi) “National Cooperative Society” means a Multi-State Cooperative Society specified in the second schedule to the Multi-State Cooperative Societies Act, 2002;
- xvii) “ Cooperative Society” means a cooperative society registered or deemed to be registered under any law relating to cooperative societies for the time being in-force in any State or Union Territory;
- xviii) “Federal Cooperative” means a federation of cooperative societies registered under the MSCS Act 2002 and whose Membership is available only to a Cooperative Society or a Multi State Coop. Society;

- xix) A “Cooperative Bank” means a Multi State Cooperative Society registered or deemed to have been registered under the relevant laws of Co-operative Societies Act and carries on Banking business as contemplated under the provisions of Banking Regulation Act 1949;
- xx) “Reserve Bank” means the Reserve Bank of India constituted under the RBI Act 1934 (2 of 1934);
- xxi) “Central Government” means the Government of India;
- xxii) “Deposit Insurance Corporation” means the Deposit Insurance & Credit Guarantee Corporation established under Sec. 3 of the Deposit Insurance Corporation Act 1961;
- xxiii) “Defaulter” means a Member who has defaulted in payment of any kind of dues payable to the Bank;
- xxiv) “Cooperative Year” means the period from 1st of April to 31st March;
- xxv) “Area of Operation” means the area from which the persons can be admitted as Members of the Bank;
- xxvi) “Cooperative Principles” means the cooperative principles as specified in the first schedule of the Multi-State Cooperative Societies Act, 2002;
- xxvii) “Bank” means Ajara Urban Co-op Bank Ltd;
- xxviii) “Prescribed” means prescribed by Rules;
- xxix) “Sub Committee” means sub-committee of the Bank formed in accordance with the provision in the Bye-laws and provision of section 53 of Multi State Cooperative Societies Act 2002;
- xxx) “Employee” means an individual who is engaged in the employment of the Bank under contractual relationship with the Bank as an employer;
- xxxi) “Active Member” means member who participates in the affairs of the Bank and utilizes the minimum level of services or products of the Bank as may be prescribed in the Bye-Law No. 13(d)

3 OBJECTS AND FUNCTIONS:

i) Objects:

- (a) To encourage thrift, self-help and Co-operation among the members.
- (b) The principal object of the Bank will be to promote the interests of all its Members to attain their social and economic betterment through self-help and mutual aid in accordance with the cooperative principles;

- (c) To serve interests of Members in more than one State;

ii) Functions:

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

1. To accept deposits of money from the public and Members repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise for the purpose of lending or investment;
2. To borrow or raise money or funds;
3. To lend or to advance money either upon or without security to Members and others as permitted by Reserve Bank of India and as per the provision of MSCS Act 2002;
4. To draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, certificates, scrip and other instruments, Government and other securities whether transferable or negotiable or not;
5. To grant and to issue Bank guaranty, letters of credit, travelers cheques and circular notes;
6. To buy and sell Gold, Silver, bullion and other species and foreign exchange including foreign Bank notes and to undertake full-fledged foreign exchange business with the permission of RBI;
7. To acquire, to hold, to issue on commission to underwrite and to deal in stocks, funds, shares, debentures, bonds, obligations, securities and investment of all kinds;
8. To purchase and to sell bonds, scrips, or other forms of securities on behalf of constituents;
9. To receive all kinds of bonds, scrips, valuables for deposit or for safe custody or otherwise;
10. To provide safe deposit vaults and ancillary services;
11. To collect and transmit money and securities;
12. To negotiate loans and advances;
13. To carry on and to transact every kind of guarantee and indemnity business for and on behalf of constituents;
14. To acquire, to construct, to maintain and to alter any building or works necessary or convenient for the purposes of the Bank;
15. To manage, to sell and to realize any property which may come into the possession of the Bank in full satisfaction or part satisfaction of any of its claims;
16. To open branches, extension counters and offices, ATM centers, any other offices with the permission of the Reserve Bank of India wherever necessary within the area of operation of the Bank so as to provide Banking services;

17. To acquire, to manage and to undertake the whole or part of the business of any other co-operative Bank / Society with the prior permission of the Reserve Bank of India and the Central Registrar;
18. To prepare and to finance schemes for amelioration of the financial condition of the Members;
19. To provide financial and technical assistance to Small Scale and Cottage Industries and to help self-employed persons for setting up their own business;
20. To enter into participation, consortium, arrangement / arrangements with any other Bank or Banks or financial institutions with the object of making loans and advances with the permission of the Reserve Bank of India wherever necessary;
21. To do any other form of business as specified in clause (1) of Section 6 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies);
22. To act as agents for collection of moneys of various Government, Quasi-Government and Statutory Bodies;
23. To Grant loans to Co-operative Housing Societies for temporary period pending reimbursement from the any Co-Operative Housing Finance Society Ltd., LIC, Government, Semi-Government Institutions or other financing agencies and/or to grant loans to such societies as may be permitted by the Reserve Bank of India;
24. To promote one or more subsidiary institutions which may be registered under any law for the time being in force for furtherance of its stated objects;
25. To act as corporate agent or referral agent for selling/ distributing life as well as non-life insurance products under tie-up arrangements with any IRDA approved insurance company and within the framework of RBI guidelines;
26. To do all such other things as are incidental and conducive to the promotion or advancement of these functions and of the business of the Bank;
27. To open, establish, maintain and operate Currency Chest and small coins depots on such terms and conditions as may be required by the Reserve Bank of India and enter into all administrative or other arrangements for undertaking such functions with the Reserve Bank of India;
28. To undertake and to do business of distribution of units of Mutual Funds, New Fund Offerings (NFOs) etc. to the Members and general public;
29. To undertake and to do business of providing depository services such as dematerialization of shares, securities etc to the Members and general public;
30. To provide all financial, technical, legal data base services, computer based and allied services to Members, depositors, customers, public institutions ,Banks and associate concerns;
31. To engage in the business of Debit/Credit Card with the permission of Reserve Bank of India;
32. To securitize assets with Asset Reconstruction Companies / National Housing Bank or any other organization as may be permitted by the Reserve Bank of India from time to time;
33. To meet social obligations, give donations to various organizations for betterment of the society;

34. To develop and build Brand Image of the Bank and to do all such things incidental to build Bank's brand/image;

4 CAPITAL AND FUNDS:

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

- (i) Admission fee;
- (ii) Share capital;
- (iii) Preference Shares with the permission of RBI;
- (iv) Loans, overdrafts and advances;
- (v) Deposits;
- (vi) Grants-in-aid;
- (vii) Donations;
- (viii) Contributions;
- (ix) Subscriptions;
- (x) Profit;
- (xi) Dividend;
- (xii) Subsidy;
- (xiii) Floating secured/Unsecured Bonds;
- (xiv) Refinance;
- (xv) External Commercial Borrowings;
- (xvi) Issue of non convertible debentures or other instruments;
- (xvii) Long term Deposit with the permission of RBI;
- (xviii) Any other means as may be permitted by Reserve Bank of India and/or Central Registrar from time to time

5 MAXIMUM BORROWAL LIMIT :

- (a) Bank may receive deposits, raise loans, and receive grants from external sources, provided that total amount of loans received during any financial year shall not exceed ten times of the sum of paid up share capital plus accumulated reserves, minus accumulated losses, if any;
- (b) Subject to provisions of sub-section (1) of Sec.67 of Act, Bank may accept funds or borrow funds for the fulfillment of its objects on such terms and conditions as are mutually contracted upon;
- (c) Bank may issue non-convertible debentures or other instruments subject to the provisions of any law for the time being in force to raise resources for the fulfillment of its objectives to the extent of twenty-five per cent of its paid-up share capital.

6 AUTHORIZED SHARE CAPITAL:

The authorized share capital of the Bank will be Rs 25,00,00,000/- (Rs. Twenty Five Crores Only) divided into 25,00,000 shares of Rs 100 each and shall be subscribed by ordinary Members;

7 SUBSCRIPTION OF SHARES:

- (i) A Member shall subscribe to minimum of 10 (Ten) number of share and full value of share shall be paid at the time of application along with admission fee;
- (ii) No Member other than the authorities referred in the clause (c) to (g) of sub sec (1) of section 25 of MSCS Act 2002 shall hold more than 1/5 of the total subscribed share capital of the Bank;
- (iii) Manner of allotment, transfer, redemption and/or repatriation shall be at face value and as per the provisions of the Act.

8 MEMBERSHIP:

A Bank shall have following categories of Members:-

- i) Ordinary Members;
- ii) Nominal or Associate Members;

Who can be ordinary Members:-

- (i) Any person who resides or engaged in any occupation, profession or business within the area of operation of the Bank and who genuinely need the services provided by the Bank and whose interest does not conflict with the interest, business, occupation of the Bank;
- (ii) No person shall be admitted as a Member of the Bank except the following namely:
 - a. An individual competent to contract under section 11 of the Indian Contract Act 1872;
 - b. The Central Government;
 - c. A State Government;
 - d. The National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962;
 - e. Any other corporation owned or controlled by the Government
 - f. Any Government company as defined in section 617 of the Companies Act, 1956;
 - g. Such class or classes of persons or association of persons as may be permitted by the Central Registrar having regard to the nature and activities of a multi-State Co-operative Society.

h. Any other person as defined under Bye-laws 2 (x).

- (iii) 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 Bank in its Bye-laws as per the provisions of the Act and Rules.
- (iv) Every Member shall pay an admission fee of Rs 100/-.
- (v) No employee of the bank shall be eligible to become ordinary member of the bank. Existing employee member of the bank, if any shall cease to be ordinary member of the bank with immediate effect.

9 NOMINAL OR ASSOCIATE MEMBER

- (i) Any person who resides or operates his business/profession within the area of operation of the Bank and who genuinely need the services provided by the Bank and whose interest does not conflict with the interest of the Bank and who is co-parcener or who desires to stand surety for a borrowing member of the bank or who desires to borrow occasionally as permitted by Reserve Bank of India or who avails locker facility or any other services provided by the Bank or who desires to keep deposits with bank or who want to purchase preference shares or other instruments or who acts in the capacity of valuator, appraiser, advisor or in the interest of promotion of the business of the Bank may be enrolled as nominal member upon his application in the prescribed form on payment of non refundable entrance fee of Rs 50/- (or as may be decided by Board from time to time which shall not exceed Rs 500/-) and upon his agreeing to the condition that he shall cease to be a nominal member when all liabilities against him either as a borrower or as a surety or otherwise are fully discharged;
- (ii) An employee of bank may be admitted as a Nominal Member and he will be entitled, on merits, to various facilities and other schemes on merit as sanctioned by the Board of Directors from time to time exclusively for employees;
- (iii) A Co-operative Society Registered under the Co-operative Societies Act in the State or Multi-State Co-operative Society, registered under MSCS Act 2002, who wants to borrow money for business purpose, may be admitted as Nominal Member with permission of Central Registrar, if required;
- (iv) A Nominal Member shall cease to be a nominal Member when all liabilities against him /her as a borrower or as a surety or otherwise are fully discharged or consequential responsibility of particular transaction for which he/ she admitted as a Nominal Member is over;
- (v) The Nominal Member shall not be entitled:-
 - To receive share certificate;
 - To receive audited accounts and annual report;
 - To attend, participate and to vote in the General/ Special General Meeting of the Bank;

- To receive dividend ;
- To contest and vote in the Election of the Board;

10 APPLICATION:

- i) The application for Membership of the Bank shall be submitted by the applicant to the Chief Executive Officer of the Bank in the prescribed form. To become a Member a person has to subscribe at least 10 Shares of Rs 100/- and also to make full payment for the same along with Admission fee of Rs 100/-
- ii) All existing ordinary members of the Bank holding less than 10 (Ten) shares shall at least subscribe to such additional number of shares as may be necessary to make up the required minimum number of 10 (Ten) shares within six months from the date of coming into force of this amended Bye-law.
- iii) Bank shall not admit members within 30 days prior to date of meeting of general body as per Rule 11(5) of MSCS Rules 2002.

11 CONDITIONS FOR ORDINARY MEMBERSHIP:

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

- i) He has applied in writing in the prescribed format;
- ii) He has paid admission fee of Rs 100/- and subscribed at least 10 Shares of the Bank ;
- iii) He has given a declaration that he is not a Member of any other similar co-operative Bank;
- iv) He has fulfilled all other conditions laid down in the Act, the Rules and the byelaws;
- v) The Board of Directors of the Bank approves the application to admit as a Member;

(b) No person shall be eligible for admission as a Member of the Bank if he:

- i) has not attained the age of 18 years;
- ii) has been adjudged by a competent court to be an insolvent or an undischarged insolvent;
- iii) has been sentenced for any offence other than offence of a political character or an offence not involving moral turpitude and dishonesty and a period of five years has not elapsed from the date of expiry of the sentence;
- iv) Has become insane ;

(c) Disposal:

The applications for Membership of the Bank found complete in all respects shall be disposed of within the period of four (4) months from the date of receipt of the application by the Bank. The same shall be communicated to the applicant within fifteen days of the decision.

12 RIGHTS OF MEMBER:

Every Member of the Bank shall have the following rights:-

- a) one vote in the General Body Meetings of the Bank and no Member shall be permitted to vote by proxy; provided that any institution which is a Member of the Bank may appoint its representative by a resolution passed by its Board to vote on its behalf in the General Body Meeting of the Bank;
- b) Right to receive notice of General Body Meetings as per Bye-laws of the Bank;
- c) Right to attend and take active part in the General Body Meeting of the Bank.
- d) Take part in elections and contest for any post as per provision of the Act, Rules and Bye-laws of the Bank;
- e) Inspect Member registers, books of accounts and obtain certified copies of the resolutions or documents on a payment of fee as may be prescribed by the Bank from time to time;
- f) The Member shall get voting right in election of the Board, if he is member of the bank for at least Two (2) years prior to date of polling;
- g) A member shall not get rights mentioned in clause 12(a) to 12(f) above if he has defaulted in payments of dues to the bank as prescribed in Clause 13(c) below;
- h) A member shall not get rights mentioned in clause 12(f) above if he has not utilized minimum level of services as prescribed in Clause 13(d) below;

13 DISQUALIFICATIONS OF MEMBERSHIP:

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

- a) His business is in conflict or competitive with the business of the Bank; or
- b) He has not attended the three consecutive General Meetings and such absence was not condoned by the 2/3rd majority of the Members attending the Meeting; or
- c) He has defaulted in payment of dues, towards repayment of principal and/or interest on loans & advances in capacity of borrower and/or surety, penal interest, debit balance in saving/current a/c, Demat charges, Locker Rent,

Charges on remittance facility, charges for any other services provided by Bank, if any, within 60 days from the date of notice by the Bank;

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

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

or

- d) he has not used any of the services of the Bank i.e. any type of deposit, loan, any other services like ATM Card, e- banking facility, locker facility, remittance facility etc. for two consecutive years as under:-
- ii) He has not kept balance in Saving Bank of at least Rs 500; or
 - iii) He has not kept balance in Current A/c of at least Rs 1000; or
 - iv) He has not kept other types of deposits of at least Rs 1000; or
 - v) He has not availed any type of loan of at least Rs 5000; or
 - vi) He has not used any other services of the bank such as locker facility, remittance facility, etc of at least Rs 500;

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

Provided further that, if such member started using services of the bank as mentioned in above clause (d) for consecutive period of two (2) years, he will again continue as member;

14 CESSATION OF MEMBERSHIP:

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

- (i) Resignation or death of the Member;
- (ii) all the shares are transferred to another member;
- (iii) expelled by the General Body;
- (iv) Incurring any of the disqualifications of Membership under bye law No. 13 above subject to provision to clause 13(c) and 13(d);
- (v) Dissolution or liquidation in case of a firm or a company or other corporate body;

15 WITHDRAWAL FROM MEMBERSHIP:

- (1) Any Member of the Bank may withdraw from Membership of the Bank only after one year by giving notice and duly approved by the Board of Directors. The approval shall not be given while such Member is indebted to the Bank either as a borrower or as a surety or otherwise. During any co-operative

year, the aggregate withdrawal shall not exceed 10% of the total paid up share capital as at 31st March of the preceding year.

- (2) A Member who withdraws and resigns his Membership will not be allowed to become a Member again for a period of one year from the date of his resignation unless he repays the amount withdrawn by him from the Bank.

16 TERMINATION OF MEMBERSHIP:

Membership of the Bank may be terminated by as per the provisions of Sec 30 of the Act by a resolution of the General Body Meeting , passed by 2/3rd majority present and voting, if any activity of such Member is found to be detrimental to the proper working of the Bank;

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

17 LIABILITY:

- a) Liability of the Members shall be limited to the share capital subscribed by them;
- b) Liability of every Member would continue for period of two years from the date of ceasing to be Member of the Bank;
- c) However, where the Bank is ordered to be wound up under Sec. 86 of the Act, the liability of a past Member who ceased to be a Member or of the estate of a deceased Member who died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts of the Bank as they existed on the date of cessation of Membership or death, as the case may be;

18 JOINT SHAREHOLDERS :

- i) Shares may be purchased in the names of more than one person jointly;
- ii) On death of a joint-holder, the surviving person/ persons shall be recognized as joint shareholder/holders;
- iii) The joint-holder of any share shall be liable severally as well as jointly for all payments which are to be made in respect of such share or shares;
- iv) The person whose name stands first written on the share certificate shall enjoy all the rights of a Member and be responsible for all the liabilities of a Member. He shall be entitled to receive the annual dividend and notice of the General Meeting;
- v) Where a share of the Bank is held jointly by more than one person, the person whose name stands first in the share certificate, if present, shall have the right to vote. But in his absence, the person whose name stands second and, in the

absence of both, the person whose name stands next, and likewise in the absence of preceding persons the person whose name is next on the share certificate, who is present and who is not a minor, shall have right to vote;

19 SHARE CERTIFICATE :

- i) Every person admitted as Member shall be entitled to receive a share certificate gratis stating the number of share/s and their distinctive number/s. The share certificates shall be signed by the Chairman, or any Director duly authorized and the Chief Executive Officer. The share certificate shall bear the Bank's seal.
- ii) If any certificate be worn out, defaced, destroyed or lost, a new share certificates may be issued in lieu thereof on payment of a fee of Rs 100/- per share certificate. It shall, however, be necessary to produce evidence to the satisfaction of the Board of Directors that the share certificates were worn out, defaced, destroyed or lost, or in absence of such evidence, on such indemnity as the Board of Directors may deem sufficient.

20 TRANSFER OF SHARES :

- i) A Member may transfer his shares after holding them for not less than one year to another Member duly approved by the Board of Directors. The transfer is not complete until the name of the transferee has been duly entered in the register of Members and the transfer fee of Rs 100/- per transfer is paid;
- ii) Transfer of share or shares shall be refused to a Member, if :-
 - a) The Member is indebted to the Bank either as a borrower or as a surety or otherwise; or
 - b) If it is detrimental to the interest of the bank; or
 - c) If such transfer does not fulfill conditions prescribed by Bye Law No 11 or
 - d) If transferor does not want to transfer all the shares held by him.

21 NOMINATION :

A Member may nominate a person to receive the Member's interest in the Bank after his/her death. Nomination shall be made in the prescribed form and entered in the special register kept at the Bank's registered office. Prior approval of the Board shall be necessary if the person to be nominated is an employee of the Bank.

22 DEATH OF A MEMBER :

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

23 LIEN ON SHARES, DIVIDENDS AND DEPOSITS :

The Bank shall have the first and paramount lien or charge upon all the shares, dividends and deposits, all goods, vehicles, immovable property etc already hypothecated/ mortgaged to the Bank for whatsoever reason of any Member of past Member for all moneys due from him to the Bank from time to time. The Bank may at any time set off any sum credited by or payable to the Member or past Member towards payment of any liability of such Member as past- Member.

24 GENERAL BODY:

- (i) The General Body of the Bank shall consist of all the Members of the Bank;
- (ii) Subject to the provisions of the Act and the Rules, the ultimate authority of the Bank shall vest in the General Body of the Members;

25 ANNUAL GENERAL MEETING:

General Meeting shall be of two kinds, viz: - Annual General Meeting and Special General Meeting.

The final authority of the Bank shall vest in the General Body. The Board of the Bank under a resolution shall within six months after the close of the corresponding year call the Annual General Meeting for the purpose of: -

- a. To read and confirm the minutes of the previous General Meetings;
- b. Consideration of the audited statement of accounts;
- c. Consideration of the audit report and annual report;
- d. Consideration of audit compliance report;
- e. Disposal of net profits;
- f. Approval for appointment of Auditors & fixation of remuneration;
- g. Review of operational deficit, if any;
- h. Creation of specific reserves and other funds;
- i. Approval of the annual budget;
- j. Review of actual utilisation of reserve and other funds;
- k. Creation of specific reserves and other funds;
- l. Approval of the long-term perspective plan and the annual operational plan;
- m. Review of annual report and accounts of subsidiary institution, if any;
- n. Expulsion of Members;
- o. List of employees who are relatives of Members of the Board or of the Chief Executive Officer;
- p. Amendment of Bye-laws, if any;
- q. Formulation of code of conduct for the Members of the Board and Officers;

- r. Election & removal of Members of the Board, if any as per provisions of Act;
- s. To Consider the statement showing details of loans or goods on credit if any given to any Director or to the spouse of the Director or his/her son or daughter or relatives as specified under Sec 39 (3) of Act during the preceding year or outstanding against any of them;
- t. Approval of write off proposals of bad & doubtful debts recommended by the Board;
- u. Any other matter laid before it by the Board of Directors.

26 CHAIRPERSON OF THE GENERAL BODY MEETING :

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

27 AMENDMENT TO BYE-LAWS :

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

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

28 SPECIAL GENERAL MEETING:

Chief Executive Officer may, at any time, on the direction of the Board shall call a Special General Meeting of the Bank and shall call such Meeting within one month after the receipt of a requisition in writing from the Central Registrar or written requisition received from one fifth of total ordinary Members or at least 1000 ordinary Members whichever is less.

29 NOTICE FOR THE GENERAL MEETINGS AND SPECIAL GENERAL MEETINGS:

- a) Annual General Meeting of the Bank may be called by giving not less than 14 days notice in writing to all the Members of the Bank;
- b) Special General Meeting of the Bank may be called by giving not less than 7 days notice in writing to all the Members of the Bank;
- c) The notice of the Annual General Meeting shall be accompanied by a copy of Agenda of the Meeting, audited balance-sheet, profit and loss account together with the auditor's report relating to the preceding year and amendment to Bye-law, if any and election to Board of Directors, if any;

The above information shall be published on Bank's official website
www.ajarabank.com

Provided further that above information shall also be sent to registered email
address of members available with bank, if any

Provided that if any members of the bank demands copy of the audited balance sheet, profit and loss account together with the auditor's report relating to the preceding year and the report of the Board of Directors thereon, notice of election to the Board of Directors if any and amendments to the byelaws, if any it shall be made available to at banks head office, and in all branches.

- d) Notice for the General Meeting shall state the place, date and time of the Meeting. It shall also state the place; date and time of holding of the adjourned Meeting should it be necessary to adjourn it in the absence of quorum;
- e) Non receipt of notice by Members shall not be a valid ground for postponing or adjourning the General Meeting;
- f) Notice of the Meeting shall be signed by the Chief Executive Officer of the Bank;
- g) Notice of the General Body Meeting shall be sent to Members by following modes viz;-
 - i. By local delivery; or By post ; or By Courier; or By Email wherever the Email address of members are available with bank
 - ii. By publication in the newspaper having wide circulation in each state ;
 - iii. The notice of the General Meeting shall also be affixed on the Notice Board of the Bank and its Branches.
 - iv. On the website of the bank as a additional facility to members;
 - v. The intimation of notice of general body meeting of members shall also be sent to registered mobile number by SMS as additional facility.

30 QUORUM OF THE MEETING:

- (i) The quorum for the General Meeting shall be one fifth of the total number of Members or 300 whichever is less; provided that if such general body meeting is called at the requisition of the members then quorum shall be at least 1000 members ;
- (ii) No business shall be transacted at any General Meeting unless there is a quorum at the time when the business of the Meeting is due to commence;
- (iii) If within half an hour from the time appointed for the Meeting, quorum is not present, the Meeting shall stand adjourned and would be held after half an hour at which the quorum will not be required;
- (iv) If at any time during the Meeting sufficient number of Members are not present to form the quorum, the Chairman or the Member presiding over the

Meeting on his own, or on his attention being drawn to this fact, shall adjourn the Meeting and the business that remains to be transacted at this Meeting, if any, shall be disposed off in the usual manner at the adjourned Meeting;

- (v) Where a Meeting is adjourned under sub-clause (iii) or (iv) the adjourned Meeting shall be held either on the same day or on such date, time and place as may be decided by the Chairman or the Member presiding over the Meeting within 7 days from the date of adjournment;
- (vi) No business shall be transacted at any adjourned Meeting other than the business on the agenda of the adjourned Meeting;
- (vii) The adjourned Meeting will transact its regular business even without the quorum being present at the Meeting;

31 RESOLUTIONS:

Unless otherwise specifically provided in the Act, Rules and these Bye laws, all resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands unless 50% of the Members present in the Meeting demand a ballot in which case a ballot shall be taken forthwith. However, election to the Board of Directors shall be held as per the procedures mentioned in the Election Schedule annexed with the Multi State Co-operative Societies Rules 2002.

32 MINUTES:

All proceedings of every General Meeting and of all proceedings of every Board Meeting or of every Meeting of Committee of the Board shall be recorded within 30 days of the conclusion of every such Meeting concerned and feed in the Computer Hardware and shall be store or save in the soft copy and prepare print outs in the Minute Book, the pages of which shall be duly numbered. The same shall be signed by the Chairperson of the Meeting and the Chief Executive Officer of the Bank.

33 BOARD OF DIRECTORS:

- i) The Executive Management of the Bank shall vest in the hands of Board of Directors of the Bank. The Board shall consist of 18 (Eighteen) elected Directors as following *excluding* Co-opted Directors & Chief Executive officer:-

Constituency	Category	Numbers
Members from HO branch Ajara	General	12
Members from branches in Kolhapur district excluding the members from HO branch Ajara	General	1
Members from branches in Maharashtra state excluding the members from Kolhapur district branches	General	1

Members from branches outside Maharashtra state	General	1
Members from Women Category from all branches of bank	Women	2
Members belonging to SC/ST category from all branches of bank	SC/ST	1
Total		18

Note : All the members eligible for voting shall vote to all above eighteen seats.

ii) Co-opted Expert Director:-

In addition to 18 elected directors, Bank may co-opt Two (2) Directors, having experience (at middle / senior management level) in the field of banking, management, finance, law or specialization in any other field relating to objects and activities undertaken by the Bank as per the RBI guidelines issued from time to time such as Chartered Accountant /ICWA /CS /CAIIB / MBA (Banking/Finance), Law Graduate or Faculty in banking field having a experience in the middle / senior / top level management for minimum 10 years. However, such co-opted directors shall not be entitled to vote at the meeting of the Board of Directors or shall not be entitled to be elected as chairperson or vice chairperson. The period of Co-opted Directors shall be co-terminus with the Board of Directors.

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

iv) Functional Director:-

In accordance with provisions of 97th constitutional amendments, the Board may at its discretion appoint one (1) Functional Director among the head of departments as defined in bye law no 2(xii); The functional director of the bank shall be member of the Board, however he shall be excluded for the purpose of counting total number of strength of directors as specified in above clause No. 33 (i). He shall not be entitled to vote at the meeting of the Board of Directors or committees/sub committees or shall not be entitled to be elected as chairperson or vice chairperson of Board of directors/ Committees/ Sub Committees. Board may remove him as functional director at any time.

34 ELECTIONS OF THE MEMBERS OF THE BOARD:

- i. The conduct of the elections to the Board of the Bank shall be the responsibility of the existing Board;
- ii. The election of Members of Board shall be held in the manner as may be prescribed by the election schedule annexed with the Multi State Co-Op. Societies Rules, 2002;
- iii. The elected Members of the Board shall be eligible for re-election;

- iv. Where the Board fails to conduct election of the Members of Board, the Central Registrar shall hold the election within a period of 90 days from the date when such election became due;
- v. No person shall be eligible to be elected as a Member of the Board of the Banks unless he is a Member of the General Body of the Bank;
- vi. Board may keep the director's seat vacant occurred due to his death, resignation, disqualification, removal for any reason. However Board shall fill up such vacant post by election ;

Provided that such vacant seat shall be filled by Board by nomination out of the same class of Members in respect of which the vacancy has arisen, if the term of office of the Board is less than half of its original term;

The tenure of such director will be coterminous with the remaining tenure of other Members of the Board;
- vii. The expenses for holding election by the Central Registrar shall be borne by the Bank;
- viii. For the election of the Board of Directors if some of the contesting candidates form a panel or panels then all the candidates from such panels will be eligible to get a common symbol for each panel;

35 TERM OF THE BOARD OF DIRECTORS:

The term of the office of the elected Members of the Board of Directors shall be 5 years from the date of election. The elected Members of the Board shall be eligible for re-election. However the elected Members shall continue to hold office till their successors are elected or nominated under the provisions of the Act/Rules and Bye laws and assume charge of their office. Elections of Board of Directors shall be held as per the provisions of MSCS Act 2002 and Rules made there under.

36 ELIGIBILITY FOR ELECTION AS DIRECTOR :

A Ordinary Member shall be eligible to be elected as Director if :-

- (a) He is a member of the Bank at least twenty four (24) months prior to the date of election;
- (b) He is not guarantor to the defaulter borrower of the Bank
- (c) He should not be defaulter to any Co-operative Society registered under Multi State Co-op Societies Act 2002 or any Co-operative Society registered under any State Act;
- (d) He held shares of at least Rs. 25000/- and (lien free) Deposit of at least Rs. 55000/- at least twenty four (24) months prior to the date of election;

Provided that the elected Directors shall keep the above deposits for the entire tenure of the Board;

- (e) The persons contesting from reserve seats (SC/ST and women candidates) shall comply with 50% of the criteria required for general category as mentioned in clause 36 (d);

37 DISQUALIFICATION FOR BEING A MEMBER OF BOARD :

- 1) No Member of the Bank shall be eligible for being chosen as or for being a Member of Board, if such Member:-

- a) has been adjudged by a competent court to be insolvent or of unsound mind;
- b) is concerned or participates in the profits of any contract with the Bank;
- c) has been convicted for an offence involving moral turpitude;
- d) holds any office or place of profit under the Bank; provided that the Chief Executive Officer or such full time employee of the Bank as may be notified by the Central Government from time to time or a person elected by the employees of such Bank to represent them on the Board of such Bank shall be eligible for being chosen as, or for being, a Member of such Board;
- e) has been a Member of the Bank for less than twenty four months immediately preceding the date of such election or appointment;
- f) has interest in any business of the kind carried on by the Bank;
- g) has taken loan from the Bank or is otherwise indebted to the Bank and after the receipt of a notice of default issued to him by the Bank, has defaulted:-
 - i) in repayment of such loan or debt as the case may be, within the date fixed for such repayment or payment or where such date is extended, which in no case shall exceed six months within the date so extended or
 - ii) when such loan or debt is to be paid in installments, in payment of any installment and the amount in default or any part thereof has remained unpaid on the expiry of six months from the date of such default;

Provided that a Member of the Board who has ceased to hold office as such under this clause shall not be eligible, for a period of one year, from the date on which he ceased to hold office, for reelection, as a Member of the Board of the Bank of which he was a Member or for the election to the Board of any other Multi state Co-operative Society;

Provided further that member of the Board may avail loan against FD or such other security as may be permitted by RBI from time to time;

- h) is a person against whom any amount due under a decree, decision or order is pending recovery under the Act;
- i) is retained or employed as a legal practitioner on behalf of or against the Bank, or on behalf of or against any other Multi state Co-operative Society which is a Member of the former Bank.
- j) has been convicted for any offence under the Act;
- k) is disqualified for being a Member under Sec. 29 of the Act;

- l) has been expelled as a Member under Sec 30 of the Act;
 - m) absents himself from three consecutive Board Meetings and such absence has not been condoned by the Board;
 - n) absents himself from three consecutive General Body Meetings and such absence has not been condoned by the Members in the General Body;
 - o) if he is member of any other primary urban co-op Bank or primary co-operative credit Society; register under any cooperative act of any state.
 - p) if he withdraws the deposits below minimum level stipulated in Bye Clause No 36(d) or 36(e) as the case may be during any time of his tenure as director of the bank
- 2) A person shall not be eligible for being reelected as Member of Board of the Bank for a period of five years if the Board fails;
- a) to conduct elections of the Board under Sec 45 of the Act; or
 - b) to call the annual General Meeting under Sec 39 of the Act; or
 - c) to prepare the financial statements and present the same in the annual General Meeting.

38 MEETINGS OF THE BOARD OF DIRECTORS:

- (i) The Board of Directors shall meet as often as is necessary to transact business and at least once in every month;
- (ii) The Meetings of the Board of Directors shall normally be held at the registered office of the Bank. In exceptional cases, the Meetings of the Board may be held at any other place as decided by the Board;
- (iii) The Meetings of the Board of Directors shall be presided over by the Chairman or in his absence by the Vice Chairman and in the absence of both Chairman & Vice-Chairman, the Directors present in the Meeting shall elect a Chairman for the Meeting from among themselves;
- (iv) 5 days notice shall ordinarily be necessary for the Meeting of the Board of Directors;
- (v) The quorum for the Meeting of the Board of Directors shall be 1/2 of its total strength of elected directors. If half the number of total number of Directors is fraction figure, it shall be rounded to nearest figure on upper side and such rounded figure shall constitute quorum.
- (vi) Two subject matter specialist may be invited by the Board in any of its Meeting whenever necessary;

39 CHAIRMAN AND VICE-CHAIRMAN :

There shall be a Chairman and a Vice-Chairman elected by the Board of Directors from among themselves. The Chairman and in his absence, the Vice-Chairman shall preside over the Meeting of the General Body and the Board of Directors.

The terms of office of the Chairman and Vice-Chairman shall be co terminus with the term of the elected Members of the Board unless Chairman or Vice-Chairman ceases to be a Director earlier. In case of any vacancy within this period, the Board shall fill up the vacancy through re-election for the unexpired term of the Board.

40 POWERS & FUNCTIONS OF THE BOARD OF DIRECTORS:

- (i) To admit Members;
- (ii) To elect Chairman and Vice-Chairman of the Bank;
- (iii) To authorize convening of Meetings of the General Body;
- (iv) To interpret the organizational objectives and set-up specific goals to be achieved towards these objectives;
- (v) To make periodic appraisal of objectives;
- (vi) To appoint and remove a Chief Executive Officer and such other employees of the Bank as are not required to be appointed by the Chief Executive Officer
- (vii) To make provisions for regulating the appointment of the employees and the scales of pay, allowances and other conditions of service, including explanatory action against such employees;
- (viii) To place the annual report, annual financial statements, annual plan and budget for the approval of the General Body;
- (ix) To consider audit and compliance report and place the same before the General Body;
- (x) To acquire or dispose off movable/ immovable property;
- (xi) To review the Membership in other cooperatives;
- (xii) To approve annual and supplementary budget;
- (xiii) To recommend to the General Body distribution of profits;
- (xiv) To raise funds;
- (xv) To sanction loans to the Members;
- (xvi) To fill any vacancy/vacancies in the Board by the procedure defined in the Bye Law;
- (xvii) To approve the panel of auditors for placing in the General Body;
- (xviii) To appoint such Committees, Sub-Committees as may be necessary and delegate to them such powers as may be appropriate;
- (xix) To frame regulations for the election of delegates to the General Body, Members to the Board of Directors and for the conduct of Meetings of the General Body and the Board of Directors as per the provisions of the Act;
- (xx) To take such other measures or to do such other acts as may be prescribed or required under this act or the Bye-laws or as may be delegated by the General Body;
- (xxi) To enter into participation and consortium arrangements with any Commercial or Co-operative Bank and Financial Corporation for the purposes of granting loans and advances and to determine the terms and conditions of participation/ consortium;

- (xxii) To consider the settlement proposals, to modify, alter, delete and add to the terms and conditions governing the outstanding loans, overdrafts, cash credits and advances from constituents;
- (xxiii) To consider and approve the OTS/ Compromise settlement scheme for borrowers within framework of RBI guidelines issued from time to time, if any;
- (xxiv) To invest Bank's funds in permissible securities and to determine policy of the investment from time to time;
- (xxv) To consider proposals for opening branches, Extension counters, pay offices and ATM Centers;
- (xxvi) To institute, defend, conduct, compromise, abandon or withdraw any Legal proceedings including criminal proceeding by or against the Bank or the Board or its Officers or employees and to delegate those powers and authorize to the Chief Executive Officer and or any other Officer of the Bank in this behalf;
- (xxvii) To delegate powers and authorize the Chief Executive Officer and or any other Staff/Officer of the Bank to open and operate Bank accounts or deposit accounts with any Bank or financial institution and to authorize the officers of the Bank to deal with the same;
- (xxviii) To delegate powers to the Chief Executive or to any other officer(s) of the Bank in respect of sanction of loans and advances, capital & revenue expenditure and to authorize them to represent the Bank in legal proceedings and other matters within the powers delegated by Board of Directors from time to time in view of operational convenience;
- (xxix) To consider cases of arrears and defaults in loans and advances due from members and take / approve action to be taken for recovery of the same including compromise settlements;
- (xxx) To consider and recommend the write off proposal of bad & doubtful debts with the certification of Statutory Auditor to General Body Meeting for final approval;

41 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 attracts any of the disqualifications mentioned in Sec 43 of the Act or
- ii he attracts any of the disqualifications mentioned in Bye Law clause No 37 or
- iii he resigns and his resignation is accepted by Board or
- iv he ceased to be a Member.

42 REMOVAL OF ELECTED MEMBER OF THE BOARD BY THE GENERAL BODY :

An elected Member of the Board, who has acted adversely to the interest of the Bank, may on the basis of a report of the Central Registrar or otherwise be removed, from the Board, upon a resolution of the General Body passed at its Meeting by a

majority of not less than 2/3 rd of the Members present and voting at the said Meeting;

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

43 COMMITTEES:

The Board of Directors shall constitute an Executive Committee and other committees or sub-committees as may be considered necessary Provided that other Committees or Subcommittees other than the Executive Committee shall not exceed three. Each committee consists of not more than eight (8) members.

The Board may delegate any of its powers and functions mentioned in Bye law no. 41 to an Executive Committee of the Board of Directors.

Composition & Functions of other Committees or Sub-committees shall be as decided by the Board of Directors from time to time.

Provided that the every sub committee shall not consists of more than 7 (seven) members of the board

44 POWERS AND FUNCTIONS OF THE CHAIRMAN:

The Chairman shall have the following powers and functions: -

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

45 PROHIBITION TO HOLD OFFICE OF CHAIRMAN OR VICE CHAIRMAN IN CERTAIN CASES:

- a) No Member of the Board shall be eligible to be elected as Chairman or Vice-Chairman of the Bank if he is a Minister in the Central Government or State Government.
- b) No Member of the Board shall be eligible to hold, at the same time, office of the Chairman or Vice-Chairman on the Board of more than two Multi State Co-operative Societies.

- c) No Member of the Board shall be eligible to be elected as Chairman of the Bank, after he has held office, as such during two consecutive terms whether full or part provided that a Member of the Board who has ceased to hold the office of the Chairman continuously for one full term shall again be eligible for election of the office as such.

46 CHIEF EXECUTIVE OFFICER:

The Chief Executive Officer shall be the Chief Executive of the Bank and shall be appointed by the Board and shall aid and assist the Board of Directors in its functions. He shall be Member of all the Committees, Subcommittees of the Board of Directors as may be constituted.

47 POWERS AND FUNCTIONS OF THE CHIEF EXECUTIVE OFFICER:

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

- (i) To assist the Board of Directors in the formulation of policies, objectives and planning;
- (ii) To implement the policies and plans duly approved by the General Body or the Board and furnish to the Board of Directors periodical information necessary for appraising the activities and progress of achievement towards implementations of the policies and programme;
- (iii) To summon Meetings of various Committees including the General Body under the instructions of the Chairman;
- (iv) To maintain proper records of the Bank;
- (v) To manage the funds of the Bank, cause proper accounts to be maintained and audited;
- (vi) To attend to all correspondence of the Bank;
- (vii) To be responsible for collection and safety of the funds;
- (viii) To execute the policies/programme and business of the Bank and take such action as is necessary to give effect to the resolutions of the General Body, Board of Directors or any other Committee constituted under Bye-laws;
- (ix) To sign all deposit receipts of the Bank with Banks in accordance with the resolution of the Executive Committee or the Board;
- (x) To endorse and transfer promissory notes and other securities and to endorse, sign, encash cheques and negotiate instruments on behalf of the Bank;
- (xi) To sue or to be sued on behalf of the Bank and sign all books and arrangements in favour of the Bank;
- (xii) To appoint such personnel in the Bank as may be approved by the Board of Directors;

- (xiii) To determine powers, functions and responsibilities of the employees of the Bank of all categories;
- (xiv) To maintain a list of Members correct and up-to-date;
- (xv) To exercise administrative control in respect of all Officers and Staff, including granting of leave, granting of annual increments and other matters relating to the service conditions of the employees;
- (xvi) To delegate powers to other Officers/Staff of the Bank;
- (xvii) To sanction contingent expenditure in so far as the amount involved is up to a limit set by Board of Directors from time to time;
- (xviii) To sign on behalf of the Bank and conduct its correspondence;
- (xix) To present the draft annual report and financial statements for the approval of the Board;
- (xx) To record proceedings of Meeting and have duly signed;
- (xxi) To perform all duties entrusted to him and to exercise such other powers as may be delegated to him by the Board of Directors, Executive Committee and Chairman from time to time;

48 DEPOSITS:

- a. Deposits may be received at any time within the limits determined under the Act and Rules, on such rates of interest and subject to such Rules and Regulations as may be fixed by the Board of Directors and also subject to the directives issued by the Reserve Bank of India in this behalf from time to time;
- b. Deposits may be received on current, savings, fixed, recurring, cumulative and under any other special scheme/s;
- c. All the deposits of the Bank shall be insured under DICGC Act 1961 and shall be governed by the various sections of the DICGC Act;

49 LOANS AND ADVANCES:

- 1) Loans, cash credits and/or overdrafts on current accounts may be granted to Members on security or securities mentioned below or other security or securities approved by the Board of Directors or without security:-
 - i. Personal security and/or surety/sureties of other Member/Members;
 - ii. Collateral security of movable and immovable property;
 - iii. Industrial, mercantile, agricultural and other marketable commodities or machinery under pledge, hypothecation or charge of the Bank;
 - iv. Pledge of Government, trustee securities, shares of approved companies, debentures and fixed deposits;
 - v. Insurance policies assigned to the Bank within the surrender value;
 - vi. Warehouse receipts;
 - vii. Gold and silver ornaments ;

- viii. Any other tangible security;
 - ix. The Board may frame detailed loan Regulations prescribing proportion of unsecured loans to total loans and advances, proper terms and conditions and the nature of securities acceptable for loans and advances for different purposes;
- 2) Short-term loans will be for periods up to 15 months, Medium-term loans for 15 months to 5 years and long-term loans over 5 years;

50 LINKING OF SHAREHOLDING WITH LOAN LIMITS :

- a) A borrower should subscribe at least 5 per cent (5%) 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 having loan against tangible securities should subscribe to shares of the Bank to the extent of at least 2 ½ per cent of his borrowings from the Bank;
- c) In the case of loans for small-scale industrial units, the linking of share capital might be fixed initially at one per cent of the borrowings, to be raised in the course of the next two years to 2 ½ percent;
- d) Provided that As per RBI guidelines, if the Capital Adequacy Ratio (CRAR) as per audited financials of immediately preceding year is 12% or more or as prescribed by RBI in this regard from time to time, then Bank need not to obtain linking shares at the rate of 5% or 2.5% as mentioned in clause (a), (b) or (c) above except minimum shares to be subscribed as per Bye law clause No. 7(i).

51 DISTRIBUTION OF PROFIT:

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

- i. transfer at least 25% of net profit to the statutory reserve fund;
- ii. Credit one per cent of its net profit to the cooperative education fund maintained by the National Cooperative Union of India; in the manner as may be prescribed;
- iii. Transfer an amount of at least 10% to the reserve fund for Meeting unforeseen losses.

52 UTILISATION OF BALANCE OF NET PROFIT:

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

- a. Payment of dividend to Members on their paid up capital at the rate subject to maximum of 15%. However such payment shall be paid only out of net profit and in no case the capital or the reserve shall be distributed as dividend;
- b. Any other privileges to Members;

- c. Payment of ex-gratia amount to employees as approved by the Board of Directors;
- d. To transfer to Building Fund at the rate of 10% of the net profits or at such rate as may be recommended by the Board of Directors;
- e. Donation of amounts not exceeding 5 %, of the net profits for any purpose connected with the development of cooperative movement or charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890 (6 of 1890);
- f. To transfer to Development Fund at the rate not exceeding 15% of the net profit or at such rate as may be recommended by Board of Directors;
- g. To transfer to General Reserve at the rate not exceeding 5% of the net profit or at such rate as may be recommended by Board of Directors;
- h. To create any other fund as may be recommended by Board of Directors;
- i. Remaining net profit ,if any, shall be added to the Reserve Fund and/or carried forward to next year as may be recommended by Board of Directors;

53 INVESTMENT OF FUNDS:

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

- a) State or Central Cooperative Bank including Cooperative Land Development Bank;
- b) Securities specified in section 20 of the Indian Trust Act 1882;
- c) Central and State Govt. securities;
- d) Shares and Securities of any other subsidiary institutions;
- e) State Bank of India or any of its subsidiaries;
- f) Nationalised Banks/ Public Sector Banks;
- g) Scheduled Commercial Banks ;
- h) Any other mode duly approved by the Board of Directors in conformity with guidelines issued by Reserve Bank of India from time to time.

54 RESERVE FUND :

- i. In addition to the sum prescribed under the Act, Rules and Bye-laws, all admission fees, entrance fees, nominal Membership fees, amount of forfeited shares and dividends and donations and any unclaimed amounts since last three years and penalties shall be carried to the Reserve Fund;
- ii. Any loss occurring as the net result of the year's working, may with the previous sanction of the Registrar is made good from the Reserve Fund or from the profits of the next ensuing year or years;

- iii. The Reserve Fund shall be separately invested in Government and Trustee Securities or other approved securities or in fixed deposits with the District Central Co-operative Bank or the State Cooperative Bank;

55 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 co-operative year to which the dividend relates;
- ii. Dividend shall be proportionate to the amount paid on shares and the period in completed days for which the amount stood to the credit of the shareholder;
- iii. Any dividend remaining undrawn for three years after having been declared shall be forfeited and shall be carried to the Reserve Fund of the Bank;
- iv. Unpaid dividend shall be payable on application provided the same has not been forfeited;

56 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.

57 COPIES OF ACT, RULES, BYE-LAWS ETC. TO BE OPEN FOR INSPECTION :

The Bank shall keep a copy of the Act, rules and bye-laws and also a list of members open for inspection to its members free of charge at all reasonable time at its registered address.

58 RIGHT OF MEMBER TO GET INFORMATION :

Every Member of the Bank shall have access to the books, information and accounts of the Bank kept in regular transaction of its business so far it relates to his own transactions. Bank shall appoint information officer for this purpose.

59 AUDIT :

- i. The accounts of the Bank shall be audited by an Auditor appointed from the panel of auditors approved by the Central Registrar or from a panel of auditors, if any, prepared by the Bank at least once in each year and the remuneration of auditors shall be fixed by the Bank ;
- ii. Bank shall constitute Audit Committee of their Boards to look into implementation of guidelines issued by RBI from time to time in this regard;
- iii. The Bank shall ensure the compliance of the 97th constitutional amendments in provisions relating to Audit;

60 SETTLEMENT OF DISPUTES :

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

61 LIMITATIONS :

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

62 SERVICE RULES:

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

63 CONTRIBUTORY PROVIDENT FUND:

The Bank shall maintain a Contributory Provident Fund for the benefit of its employees in accordance with the provisions of Employees Provident Fund and Miscellaneous Provisions Act 1952.

64 CO-OP. EDUCATION AND TRAINING:

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

65 FILING OF RETURNS :

Every year, within six months of the closure of the accounting year, the Bank shall file the following return with the Central Registrar as per the provision of Section 120 of the Act viz:-

- a. Annual Reports of the activities;
- b. Audited statement of accounts;
- c. Plan for Surplus disposal as approved by the General Body;
- d. List of amendment to the bye-laws of the Bank;
- e. Declaration regarding date of holding of the General Body Meeting and conduct of Election where due;
- f. Any other information required by the Central Registrar in pursuance of any of the provisions of the Act;

66 ASSOCIATION OF EMPLOYEES IN THE DECISION MAKING PROCESS:

The Bank shall devise such procedure through administrative instructions for the Association of Employees in the Management decision making process.

67 WINDING UP:

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

68 MISCELLANEOUS:

- i) No act of the General Body or the Board of Directors shall be deemed invalid by reason of any defect in the election of a Member thereof or by reason of any vacancy therein not having been filed in;
- ii) The Bank may become the Member of the Maharashtra State Co-Operative Bank Ltd., and the Kolhapur District Central Co-Operative Bank Ltd., or any other State or District Co-Operative Bank as decided by the Board of Directors from time to time within the area of operation.
- iii) The Bank may be subscribing Member of the following :
 - a) The National / State Federation of Urban Co-operative Banks/Societies;
 - b) The Regional / District Federation or Association of Urban Co-operative Banks;
 - c) The Maharashtra Rajya Sahakari Sangh / District Co-Operative Board or any other such organization as decided by the Board of Directors from time to time within the area of operation;
- iv) Execution of Decrees, Orders and decisions shall be as per the provision of Chapter XI of the Act;
- v) Appeals and Reviews shall be as per the provisions of Chapter XII of the Act;
- vi) Offences and penalties shall be as per the provisions of Chapter XIV of the Act;
- vii) If any doubt arises in the interpretation of the Bye-laws of the Bank, the same shall be referred to the Central Registrar for his advice and his decision shall be final;
- viii) The matters which have not been provided for herein shall be decided in accordance with provision of the MSCS Act 2002 and Rules made there under;
- ix) The Bank shall duly ensure compliance of the 97th constitutional amendments;