

# **MODEL BYE-LAWS**

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**MULTIPURPOSE COOPERATIVE SOCIETY LTD.**

**Arunachal Pradesh Cooperative Societies Act 1978  
( Act No. 3 of 1979 )**

**a Amended upto Act No.5 of 2013**

## MODEL BYE-LAWS OF THE .....MULTIPURPOSE COOPERATIVE SOCIETY LTD.

### 1. (a) NAME AND ADDRESS:-

.....Multipurpose Co-operative Society Ltd. is registered as a Co-operative Society under the Arunachal Pradesh Coop. Societies Act 1978 (Act No. 3 of 1979). Its .....

(b) The area of operation of the Society shall be confined to.....

### 2. OBJECTIVES:-

The main object of the society shall be to undertake the following activities with a view to provide service to Members and Non-Members:-

- (a) To undertake Handloom and Handicrafts activities.
- (b) To undertake Agro Forestry and other Forest based activities.
- (c) To undertake activities related to Agricultural, Horticulture, Fisheries and Veterinary etc.
- (d) To establish Nursing Home, Educational and Type Institution.
- (e) To cultivate Medicinal Plants and Orchid garden.
- (f) To undertake Civil and Electrical constructions works.
- (g) To establish and run Fair Price Shops for distribution of PDS items and other daily necessities.
- (h) To establish Industry for manufacturing Plastic/ Metal products and Machineries.
- (i) To undertake contract work of the Govt. and other agencies.
- (j) To do any other activities as may be conducive.

### 3. CAPITAL:-

- (a) The authorised Share Capital of the Society shall be Rs.....
- (b) The value of the Shares shall be payable in full on allotment. Every member shall purchase at least 1 (one) Share. The Board of Directors shall decide for subsequent allotment of shares.
- (c) Share shall also be issued to Govt., NGOs & Banks.

### 4. LIABILITY OF MEMBERS:-

The liability of the Members of the Society shall be limited to the extent of the paid up Share Capital, contributed by the individual members.

**5. APPLICATION FOR ADMISSION:-**

- (a) Application for admission as member and for allotment of share shall be made to the Chairman in the Prescribed Form. The Admission fees and cost of application shall be Rs. 10/- and Rs. 5/- respectively.
- (b) Each such application shall be disposed off by the Board of Directors who shall have the power to admit or refuse admission after assigning reason of such refusal.
- (c) Provide that any individual whose application for admission has been refused by the Board may appeal to the Registrar and if the Registrar so directs, he shall be admitted as a member by the Society, on his paying admission fees and on his purchasing at least one share.

**6. MEMBERSHIP:-**

- (a) Any person he or she residing in the area of operation of the society mentioned at Clause 1 (b) of this Bye- Laws above 18 years shall be eligible to become member of the Society.
- (b) No person shall be eligible to be member of the Society if he or she is an applicant adjudged as a Bankrupt, defaulter or an insolvent or is an un-discharged insolvent.
- (c) Participation for Membership of the society shall be 80% from the local people and 20% from Non-APST under the area of operation as mentioned in Clause 1 (b) of the Bye- Laws.
- (d) Any person of the Society shall cease to be a member if he or she incurs any of the disqualification mention in Clause 5 (c) above and changes his/her residence permanently from the area of operation.

**7. RESTRICTON OF HOLDING SHARES:-**

- (a) All Members shall purchase at least 1 (one ) Shares.
- (b) Not more than 50 (fifty) shares per 1/5 of the paid-up Share Capital whichever is less shall be held by any member, except Govt. and Coop. Societies.
- (c) With the section of the Board of Directors a member may any time be able to increase the No. of Shares held by him but not exceeding the limit as mentioned in Clause 7 (b) above.



**8. WITHDRAWAL OF SHARES OR RESIGNATION FROM MEMBERSHIP:-**

- (a) No member shall be permitted to withdraw any of the shares held by him in the society or to resign in membership of the society within 1 (one) year from the date on which he was admitted as a member.
- (b) Provided, however, that a member may be permitted to withdraw or resign his membership in exceptional circumstances with the approval of the Registrar earlier than 1 (one) year but not earlier than 6 (six) month from the date of his admission to membership. This Clause shall not apply to Government Servants who are members of the society and who are compelled to withdraw their Share Capital either on transfer or discharge from service resulting in their leaving the Head-Quarter of the Society from any place falling within the area of the operation. After the period specified in Clause (a) member may withdraw any of his share with the consent of the Board of Directors or resign his membership provided firstly there are not debts due from him to the Society and Secondly that there are no dues in the society in regard to which he is to be used.
- (c) When a member resign his membership he shall send a Letter of Resignation to the Secretary of the society and such resignation shall take effect from the date on which to resignation is accepted by the Board. The value of the shares allowed to be withdrawn or the share capital of a member who has resigned his membership share be paid back to him with the divided declared if any. The total share capital withdrawn or returned in any one year shall not however exceed 10% of the total paid share capital of the society as it was on 1<sup>st</sup> March proceeding. This limit shall cover all refund of share capital except those read under Bye-Law No. 8 & 9.
- (d) Once member resign his membership or withdraw share money are expelled from the Society shall not be eligible or re-admission in the Society.

**9. NOMINATION OF HEIR:-**

- (a) If members dies, his membership shall if so facts case:-
  - (i) Every member of the society may nominate a person or persons to whom in the event of his Death, his share of interest in the capital and any other money due to him from the society shall be paid. The numbers of persons so nominated however shall not exceed the number of shares held by the member. The member may from time to time revoke or vary such nominations. The nominations shall, in the event of his death be given effect to by the Board of Directors provided that the nominations were signed by the deceased in the presence of at least two witnesses and the nominations have been registered in the books of the society kept for the purpose.



- (ii) In the event of there being no person nominated by the deceased member, qualified in accordance with the Bye-Laws for membership of the society. The society shall transfer the share of interest of the deceased member to such person as may appear to the Board of Directors or legal representatives of the deceased within one month of the death of the deceased member, provided such heir or legal representatives or nominee shall have been admitted by the Board of Directors as a member of the society.
- (iii) In the event of there being no person qualified to succeed in Sub-Clause (i) or (ii) above of this Clause or on the application of the nominee, the heir or legal representative of the deceased member, the society shall pay such nominee, heir, or legal representatives as the case may be a sum representing the deceased member's share or interest at the time of his death ascertained in the manner prescribed in the Rules. Provided that nothing in this Sub-Clause shall prevent a minor or a person of unsound mind acquiring by inheritance or otherwise the share of interest of the deceased member in the society.
- (iv) Subject as aforesaid the society may pay all the money due to the deceased member from the society to the person nominated by him in accordance with the Clause (e) of this Bye-Law to such person as may appear to the Board of Directors and the Political Officers to be heir or legal representative of the deceased member as the case may be.

#### **10. EXPULSION OF MEMBER:-**

- (a) If a member deceive the society in any way or if his general conduct is such as to warrant his removal necessary in the interest of the society, it shall be open to the General Body to expel such member provided he has given a reasonable opportunity of being heard.
- (b) A member once expelled will have the right to appeal to the Registrar against the decision of the General Body within 15 days from the date of such decisions. The order of the Registrar on the appeal shall be binding on both the society as well as the person aggrieved by the decisions of the society.
- (c) A person who has ceased to be member shall be paid all money due to him from the society after deducting shares from any money due from him to the society and he shall be liable as provided in Bye-Law No. 4 for the debts due by the society, as they stood in the day of such date.
- (d) Once a member expelled from the society shall not be eligible for re-admission in the society.

**11. BORROWING AND LIMIT:-**

- (a) It shall be competent for the Board of Directors to borrow funds other than by way of deposits either from member or from persons other than members or from other Cooperative Societies or from Government and from Banks provided that the rate of interest shall not exceed the normal prevailing bank rate.
- (b) The maximum borrowing limit of the society shall be the limit fixed by the Registrar of Cooperative Societies, A.P. under the provision of A.P. Cooperative Societies Act & Rules.

**12. EXECUTION OF DOCUMENT/BOND:-**

- (a) For the purpose of borrowing all necessary Documents / Bonds shall be executed by the Board of Directors jointly. At least 4 (four) members i.e., Chairman, Secretary and any 2 (two) members from the Board of Directors shall sign.

**13. LIST OF MEMBERS FOR GENERAL BODY MEETING:-**

- (a) The Secretary of the Society shall maintain the list of members who are qualified to vote at General Meeting of the society and shall bring such list up-to-date within a fortnight before each meeting of the General Body.
- (b) It shall be the duty of the Secretary to supply copies of the list to such of the members and desire to have to on payment of such fees as may be specified by the Board of Directors in this behalf.
- (c) No member shall be admitted during the 15 days proceeding the date fixed for any General Body Meeting of the society, at which Office Bearers are to be elected.

**14. MEETING OF THE GENERAL BODY:-**

- (a) The Board of Directors shall call a meeting of the General Body of the Society at least once a year.
- (b) The Board of Directors may also at any time call Special General Meeting of the Society for the conduct of its business and shall call such a meeting within one month of the receipt of a requisition in writing from 2/3, 3<sup>rd</sup> or more members or from the Registrar, of an Officer acting on his behalf.
- (c) The Quorum for a General Body Meeting shall be 51% of total number of members on the list at that time.



**15. NOTICE OF GENERAL BODY MEETING:-**

- (a) 15 days notice shall be given to members before the meeting by sending Letters by hand / post or through messengers.
- (b) In case of Amendments of Bye-Laws of the society, notice shall be sent to such members in due time either by circulation or otherwise and such notice shall give the members reasonably clear idea of the nature of the Amendments proposed.

**16. CONDUCT OF GENERAL MEETING:-**

- (a) The Society shall within the period of six month after the date fixed for making up its accounts for the year call a General Meeting. The Chairman or in his absence Vice-Chairman of the society will preside over the meeting of the General Body. In their absence the General Body may choose a Chairman from other members to preside the meeting. Every member present shall have only one vote. All questions except those relating to Amendments of Bye-Laws of the Society shall be decided by a majority of votes of the members present and voting. When votes are equal, the Chairman of the meeting shall have a second or casting vote.
- (b) Every Amendments of the Bye-Laws shall be made only by regulation passed by  $2/3^{\text{rd}}$  majority of the members present and voting at a meeting of the society.

**17. POWER OF THE GENERAL BODY:-**

- (a) The ultimate authority in all matters relating to the administration of the society shall be vested to the General Body.
- (b) The General Body shall not however interfere with the actions of the Board of Directors or any Officers of the society in the exercise of power conferred on them by the Bye-Laws.
- (c) The following among matters shall be dealt with by the General Body:-
  - i) The Programme of activities for the ensuing Year.
  - ii) The election of the members of the Board as per the Law in force so that the newly elected members assume office immediately before expiry of the term.
  - iii) The approval of the Annual Budget of Income and Expenditure
  - iv) To discuss and adopt the Balance Sheet, the Profit and Loss Account, Auditors Report and the Board of Directors Report.
  - v) The Registrar's Audit Notes.

- vi) The Amendments of Bye-Laws.
- vii) The Disposal of net Profits and.
- viii) The Expulsion of a Member.
- ix) To appoint Auditors for auditing the account of the society from the panel approved by the Registrar.

**18. MANAGEMENT OF THE SOCIETY- BOARD OF DIRECTORS:-**

- (a) The Management of the Society shall be vested in the Board of Directors consisting of 7(seven) members elected in the General Body. The size of the Board may however be raised from time to time by Amendment of Bye-Laws in the General Body Meeting. There shall be Reservation of 2(two) seats for women members. In no case the size of the Board shall exceed 21 (twenty one).
- (b) The Board of Directors shall consist of :-
  - i) Chairman
  - ii) Vice-Chairman.
  - iii) Secretary
  - iv) And four Members.
- (c) The service of the Board members shall be gratution

**19. QUALIFICATION AND DISQUALIFICATION OF MEMBERS OF MEMBERSHIP OF BOARD:-**

- (a) No person shall be eligible for election of the Board of Directors of the society if he:
  - i) Is a Paid Employees of the Society ?
  - ii) Is in default to the Society or to any other Society in respect of any Loan or articles or store on credit taken by him or he is defaulter or to the Society or to any other Society.
  - iii) Is interested directly or indirectly in any contract made with the society or in any sale or purchases made by the society or in any action, contract or transactions of the society.
- (b) A Member of the Board of Directors of the Society shall cease to hold his Office as such if he incurs any of the disqualification mentioned in Clause 10 (a) above.



**20. TERMS OF OFFICE OF THE BOARD OF DIRECTORS:-**

- (a) The terms of the elected members of the Board shall be 5 (five) years from the date of election.
- (b) It shall be within the competence of the General Body to remove at any time any member elected by them to the Board and elect any person in his place from amongst the members.
- (c) Any members of the Board of Directors may at any time resign from his office sending a letter of resignation to the Secretary addressed to the Chairman of the Society but such resignation shall take effect only from the date on which is accepted by the Board.
- (d) If a member of the Board absent himself from 3 (three) consecutive meeting of the Board without its permission he or she shall cease to be a member of the Board
- (e) Interim vacancies of members of the Board of Directors shall be filled by co-option by the Board.
- (f) The Board of Directors may co-opt persons to be members of the Board having experience in the field relating to the objects and activities undertaken by the Cooperative, as a member of Board.
- (g) The number of Co-opted members shall not exceed two.
- (h) The Co-opted members as at Sub Clause (g) above shall have no right to vote in any election of the instant cooperative in their capacity as such member or to be eligible to be elected as Office Bearers of the Board.

**21. MEETING OF THE BOARD OF DIRECTOR:-**

The Board of Directors shall meet once in three months or more often if necessary to conduct the affairs of the Society. The Quorum for a meeting of the Board shall 5(five) out of 7(seven) members. No members of the Board shall be present in the meeting of the Board when any matter in which he is personally interested if being discussed.

**22. POWER OF THE BOARD OF DIRECTOR:-**

Amongst other things the power of the Board shall be:-

- (a) To raise funds for the purpose of carrying out the functions of the Society in the form of deposit and Loans on such terms and conditions as they may determine.
- (b) Place orders for produce and direct the sales of consumer goods and other articles that are likely to be stocked in the stores in pursuance of the object of the Society enumerated in the Bye-Laws No. 2.



- (c) The investment of funds of the Society.
- (d) To construe, purchase, take on hire or otherwise, acquire Godowns for the purpose of running the business of the Society.
- (e) To maintain such accounts and registers as specified by the Registrar from time to time.
- (f) To place the Audit and Inspection Note of the Registrar of Cooperative Societies to the General Body Meeting.
- (g) To scrutinize the Annual Budget of the Society and to recommend the same to the General Body for its approval.
- (h) To admit members and allot shares and to approve transfer of shares.
- (i) To incur such expenditure as may be necessary for management of the Society with reference to the scale and within the Budget allotment sanctioned by the General Body for each year.
- (j) To appoint Special Committee or any Adhoc-Committees for carrying out any specific function or functions relating to the business of the society.
- (k) To frame regulations (which) should be entered in the Minute Book of the society for conduct of the business of the society consistent with Act, the Rules and Bye-Laws subject to the approval of the Registrar.
- (l) To do such other acts and transact such other business as is consistent with the objects of the society or as may be incidental to its administration of the society.

### **23. DUTIES OF CHAIRMAN, VICE-CHAIRMAN, SECRETARY**

- a) The **CHAIRMAN**: shall have general control over all the affairs of the society and preside over all the meetings.
- b) The **VICE-CHAIRMAN**: In the absence of Chairman, the Vice-Chairman shall preside over the meeting.
- c) Secretary: the Secretary shall be responsible for:-
  - i) The Executive Administration of the Society subject to the control of the Chairman.
  - ii) The Secretary and the Chairman shall be the Officer to sue or to be sued on behalf of the Society. Bond in favour of the Society Funds to be executed on behalf of the society in favour of creditors of the society shall be in the name of the Chairman and Secretary and any 2(two) members as mentioned in Clause No. 12.
  - iii) The Secretary shall have the custody of all properties of the Society including cash. The Board of Directors may from time to time frame subsidiary regulations with the approval of the Registrar for ensuring the safety of the properties left in the custody of the Secretary.



**24. EMPLOYEES OF THE SOCIETY:**

- a) No person shall be appointed as paid Officer or employee in any category of service in the society without obtaining from him security in such form and according to such standard as may be laid down by the Registrar of Cooperative Societies. Govt. of Arunachal Pradesh from time to time.
- b) No paid Officer or Servant shall be retained in any Category of services in the society if he does not acquires the qualification of furnish the security as laid down in (a) above.
- c) Any person shall be appointed as paid Officer or Employee in the Society by the Board of Directors or as directions issued by the Registrar of Coop. Societies from time to time.

**25. RECEIPTS FOR AMOUNT RECEIVER:**

Receipts shall be issued for all moneys paid to the Society and money receipts shall be signed by the Secretary.

**26. MARKETING OF AGRICULTURAL / HORTICULTURAL PRODUCTS ETC.**

- (a) The Society may arrange for assembling and transport for sale the Agricultural / Horticultural produce of members.
- (b) In arranging the sale of Agricultural produce, the Board of Directors shall accept no liability for loss or deterioration or depreciation on weight, quantity or quality and shall act only as agent of the members concerned. Any loss arising out of the transaction shall be borne by the members concerned and not by the Society.
- (c) Every time goods are lodged with the society or released to the members the quantity so lodged or released shall be weighed or measured as the case may be. A bill showing such weighment or measurement, to stock held previous to the transaction as arrived at by simple arithmetical addition or deduction of quantity involved in the transaction shall be prepared in duplicate. The duplicate given to the member and the signature taken in the original in taken of this acknowledgement. At the end of each quarter stock shall be taken on all produces in the custody of the society, after giving notice to the member concerned. It shall be competent for the Board to fix the sale of damaged, wastage; depreciation etc. to be allowed in the case of produce deposited in the Godown of the Society and such shade shall be binding upon the members of the Society.

**27. GODOWN:**

- (a) The Society may arrange for safe custody of the produce of members either in Godown of the Society or in suitable places to enable them to stock the produce for sale at the appropriate time at advantageous prices. They may construct, purchase or hire one or more Godowns for keeping the produce.
- (b) Godowns shall be constructed or purchased only with the help of loans or subsidies from the Government or grant or donation from the public bodies or individual or deposit or funds specially raised for this purpose.
- (c) The Board of Directors shall frame suitable subsidiary regulations or Bye-Laws governing the custody, storage and release of stocks from various Godowns, and charge reasonable rent on goods to be fixed by it from time to time for the use of Godowns.

**28. DISPOSAL OF THE PROFIT:**

- (a) The Society shall, out of its net profits in any year transfer amount not being less than 25% to the Reserve Fund and the balance will be distributed as per rules framed under the Cooperative Societies Act.
- (b) The balance of the net profit may be utilized for all or any of the following purposes namely.
  - (i) Payment of dividend to members on their Paid Up Share Capital at a rate not exceeding 25%.
  - (ii) Bad debts Reserved.
  - (iii) Dividend equalization funds and any other fund approved by the General Body.
  - (iv) Payment of Bonus to employees of the Society as per Bonus Act.
  - (v) Building Fund.
  - (vi) Any Profit not appropriated in the manner aforesaid in any year shall forthwith be credited to the Reserve Fund.

**29. UNCLAIMED AMOUNTS:**

Any amount due by the society and not claimed within the period of limitation allowed by the India Limitation Act, it shall be credited to the Reserve Fund of the Society.



**30. LOSSES:**

If any sum belonging to the society is either stolen or otherwise lost and found irrecoverable either wholly or in part, it shall be opened to the General Body to write off such amount after obtaining the sanction of the Registrar and the Financing Bank.

**31. FINANCING BANK'S RIGHT TO INSPECTION:**

It shall be open for the Financing Banks to inspect the Books of accounts of the society.

**32. ANNUAL STATEMENTS AND RETURNS:**

- a) The society shall prepare accounts annually in such form as may be specified by the Registrar within 6 (six) months of the closure of every financial year and file returns to the Registrar as below:
  - i) Annual Report of each Activity
  - ii) Audited Statement of Accounts
  - iii) Plan for Surplus disposal as approved by the General Body.
  - iv) List of Amendments to the Bye-Laws of the society.
  - v) Declaration regarding date of holding of General Body Meeting and conduct of Election when due.
  - vi) Any other information as may be sought by the Registrar.

**33. LIST OF MEMBERS**

The society shall prepare a list of members with their addresses, as on the last day of each financial year. The list shall be kept open at the office of the society during office hours for inspection by any members of the society and it shall be the duty of the Secretary to supply copies of the payment of such fees as may be prescribed by the Board of Directors in this behalf.

**34. SOCIETY TO KEEP COPY OF ACT, RULES AND BYE-LAWS**

The society shall keep a copy of the Co-operative Societies Act and Rules governing the societies and of its Bye-Laws open to inspection free of charge at all reasonable times at the registered address of the society.

**35. CASH BALANCE**

At the close of the days transaction cash balance of the society shall be kept under double lock in iron chest. The key of one lock will be kept with the secretary of other employee who has been authorized by the Board of Directors, and other key will be kept with Manager as per decision of the Board of Directors. Both the lock Officers are to sign the cash book. However, sum not exceeding Rs.1,000/- (Rupees one thousand) may be kept by the Manager of any person who is authorized by the Board of Directors to meet emergent and petty transaction and expenses. All the cash belonging to the society as per as practicable may be kept in the bank.

**36. USE OF PREMISES**

The society shall not use or allow to be used any premises for its business or portion thereof for any purpose other than such business or other Cooperative activities.

**37. DOUBTS AS REGARD TO INTERPRETATION OF BYE-LAWS**

Should any doubt arise either in the interpretation of these Bye-Laws or in regard to any other matter, it shall be duty of the directors to obtain the clarification from the Registrar of Cooperative Societies, Govt. of Arunachal Pradesh and his advice shall be binding on the society.

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**PROCEDURE FOR AMENDMENT OF BYE-LAWS OF COOPERATIVE SOCIETIES IN TERMS OF  
ARUNACHAL PRADESH COOPERATIVE SOCIETIES ACT/RULES AND BYE-LAWS**

1. To issue Notice of the General Body Meeting in terms of Bye-laws Clause No.....
2. In the Notice it is to be clearly mentioned the Clause Nos to be amended.
3. A statement as below is to be prepared and annexed with the Notice of the General Body Meeting duly signed by the Chairman/ Secretary.

**Statement showing provisions to be amended in bye-laws.**

1	2	3
Bye-laws Clause No.	The Exact wording of existing Bye-laws	Bye-laws as it would read after amendments

**Signature of Chairman/Secretary**

4. In the minutes of the meeting, a resolution is to be written that Bye-laws Clause No. ....as notified and detailed in the statement has been amended.

**Checklist for documents to be forwarded to RCS**

1. Copy of Notice of GB meeting along with the statement of amendment made duly signed by Chairman/Secretary.
2. Minutes of the meeting containing resolution of amendment duly signed by Chairman/Secretary.
3. List of shareholders who attended the meeting along with their signature duly authenticated by DRCS/ARCS.
4. Certificate from DRCS/ARCS in the format enclosed.

**NOTE:** Please note that Clause Nos indicated in modal statement circulated by this office may not tally with the bye-laws of the respective societies. Care therefore should be taken to see the actual provisions to be amended as per this office instructions and the Clause Nos in bye-laws thereof.

## **CERTIFICATE**

The shareholders list of \_\_\_\_\_ Multipurpose Cooperative Society Limited, \_\_\_\_\_ has been verified and the members who attended the General body meeting held on \_\_\_\_\_ are bonafide members.

Signature of District DRCS/ARCS  
with Office seal.