



International Co-operative  
Banking Association



# **DRAFT MODEL BYE-LAWS OF STATE CO-OPERATIVE BANKS (3 TIER)**



**1964 - 2024**

**DIAMOND JUBILEE**

**National Federation of State Cooperative Banks Ltd.**

**J. K. Chambers, 5th Floor, Plot No. 76**

**Sector - 17, Vashi, Navi Mumbai - 400 703**

**Phone: 022 - 2789 2741, 2789 2697, 2789 2738 FAX: 022 - 2789 2604**

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## SOME IMPORTANT PUBLICATIONS OF NAFSCOB

1. Accounting Manual for Cooperative Banks in 3 Volumes (Priced) & (August 15, 1979).
2. Guidelines on Micro Level Planning for Project Formulation for Eligible Target Groups under IRDP in selected villages / **B. Subrahmanyam** (1985).
3. Rural Savings Untapped: A Strategy to Identify and Exploit the sources for Deposit Mobilisation / **B. Subrahmanyam & K. K. Gupta** (1985).
4. Effectiveness of Deposit Schemes : An Evaluation – **M. Dharma Reddy & B. Subrahmanyam** (1985).
5. Deposit Mobilisation : A study of Kheda District Central Cooperative Bank / **B. Subrahmanyam & M. Dharma Reddy** (1985).
6. Computerisation in Cooperative Banking - Some Basic Issues / **B. Subrahmanyam & K. Sudhakar** (1985).
7. Development Strategies for District Central Cooperative Banks / **B. Subrahmanyam & K. Sudhakar** (1987).
8. Socio-Economic Aspects of Rural Savings and Investment / **B. Subrahmanyam & M. Dharma Reddy** (1987).
9. Mobilisation of Rural Savings and Credit Delivery through Self-Help Groups / **B. Subrahmanyam** (1987).
10. Management of Hyderabad District Central Cooperative Bank – A Case Study / **B. Subrahmanyam** (1988).
11. Towards Rural Savings Mobilisation / **B. Subrahmanyam** (1988).
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13. Cooperative Rural Credit Delivery System in India : With Particular Reference to the Case of Integration in Andhra Pradesh / **B. Subrahmanyam** (1989).
14. Short Term Cooperative Credit Structure in North Eastern Region / **B. Subrahmanyam** (1990).
15. Guidelines to Micro-level Credit Planning in Short Term Cooperative Credit Structure with reference to Service Area Approach / **B. Subrahmanyam** (1990).
16. Primary Agricultural Credit Societies - A Statistical Profile / **B. Subrahmanyam** (1990).
17. Deposit Mobilisation in Nainital District Central Cooperative Bank Ltd. – A Case Study / **B. Subrahmanyam** (1991).
18. Short Term Cooperative Credit Institutions : Some Critical Issues – A Discussion Paper / **B. Subrahmanyam** (1991).
19. Impact of Pilot Project on Strengthening of Credit Delivery System in PACS & DCCBs / **B. Subrahmanyam** (1991).
20. Profile of State Cooperative Banks – A Statistical Profile (1978-79 to 1988-89) / **R. H. Singh** (1991).
21. Long Term Perspective Issues and Strategies related to Debt Relief and Loan Waivers - A Discussion Paper / **B. Subrahmanyam** (1991).
22. Role and Responsibilities of Non-official Elected Leaders of State Cooperative Banks / **Sura Patnaik** (1992).
23. Deposit Mobilisation by Madhya Pradesh State Cooperative Bank / **B. Subrahmanyam** (1992).
24. Refinance Scheme for Jewel Loans – An attempt towards Diversification of Lending Portfolio / **B. Subrahmanyam** (1992).
25. Business Development Planning – Expectations and Experiences / **B. Subrahmanyam** (1992).
26. Status of Service Area Approach in Andhra Pradesh (With particular reference to Cooperatives) / **B. Subrahmanyam** (1992).
27. A Paper on “Short Term Cooperative Credit Institutions : Problem Areas and Suggestions” / **B. Subrahmanyam** (1992).
28. Need for making Cooperatives Democratic, Self-reliant and Viable : Some Thoughts / **B. Subrahmanyam** (1992).
29. Challenges before State Cooperative Banks in view of Recent Policy Changes / **B. Subrahmanyam** (1992).
30. Primary Agricultural Credit Societies in Gujarat : A District-wise Statistical Profile / **B. Subrahmanyam** (1993).
31. Need for Strong, Viable and Self-Reliant Cooperatives : Some Suggestions / **B. Subrahmanyam** (1993).
32. Capital Adequacy Measures, Income Recognition, Assets Classification, Provisioning and other related matters / **B. Subrahmanyam & K. Shivaji** (1993).
33. Policies, Programmes, Problems and Prospects of Non-farm Activity Financing by Cooperative Banks / **B. Subrahmanyam** (1993).
34. Better Environment through Cooperatives – A Paper / **B. Subrahmanyam** (1993).
35. Role of Information Technology with particular reference to Computerisation in Short Term Cooperative Credit Institutions / **B. Subrahmanyam** (1993).
36. Management Audit or Management of Audit – A Paper / **B. Subrahmanyam** (1993).
37. Cooperative Banking Structure in 2000 AD / **B. Subrahmanyam** (1994).
38. Compendium of Circulars of All India Mutual Arrangement Scheme (November 1990 to March 1994).
39. Role of State Cooperative Banks in the Development Process / **B. Subrahmanyam** (1994).
40. Viability of the Cooperative Rural Credit Institutions / **B. Subrahmanyam** (1995).
41. Training Needs of the Chief Executives of DCCBs – A Study Report prepared by ASCI for NAFSCOB (1995).
42. Enhancement of Loan Recovery and Collateral Substitutes in Short Term Cooperative Credit Institutions / **B. Subrahmanyam**
43. Short Term Cooperative Credit Institutions – An Issue Paper for Discussion / **B. Subrahmanyam** (1996).
44. Regional Disparity in the Development of Cooperative Credit Institutions / **B. Subrahmanyam** (1996).
45. State Cooperative Banks in the Liberalised Economy / **B. Subrahmanyam** (1996).
46. Issues for Consideration by Reserve Bank of India – Discussion Paper / **B. Subrahmanyam** (1996).
47. Assessment of Income from Investments by Cooperative Banks - Working Paper / **B. Subrahmanyam** (1996).
48. Management of Funds in Short Term Cooperative Credit Structure / **B. Subrahmanyam** (1997).
49. Rural Employment and Cooperatives / **Moinul Hassan** (1997).
50. Rehabilitation Package for Revamping the Cooperative Credit Structure – Proceedings and Recommendations of the Workshop for Chief Executives of State Cooperative Banks / **B. Subrahmanyam** (1998).
51. Review of Financial Sector Reforms – 1992-93 to 1997-98 / **B. Subrahmanyam** (1998).
52. Cooperative Credit Structure : A Perspective for 2000 AD / **B. Subrahmanyam** (1998).
53. Management Information System with particular reference to Computerisation in Cooperative Credit Institutions / **B. Subrahmanyam** (1998).
54. Cooperative Movement and the Short Term Cooperative Credit Structure in the North Eastern Region – A Report / **J. B. Dutta**, Member Secretary, RACNER & **K. Sudhakar**, Director, RACNER, NAFSCOB (1999).

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*3 Tier StCBs*

# Model Bye-Laws of

The ..... State  
Co-operative Apex Bank Ltd.,  
(DRAFT)

.....

Regd.No: .....  
(as amended upto .....)

Address:

.....

.....



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## Chapter – I

### 1. Name:

The ..... State Co-operative Apex Bank Ltd.,

### 2. Address:

.....  
.....

### 3. Area of Operation:

The area of operation of the Bank shall ordinarily be confined to the entire State of.....

### 4. Definitions:

Unless there is anything repugnant in the subject or context,

- 4.1 **“Act”** means the ..... State Co-operative Societies Act under which the Bank is registered.
- 4.2 **“Rules”** means the rules framed under the Act.
- 4.3 **“BR Act”** means the Banking Regulation Act, 1949 (AACS) as amended from time to time.
- 4.4 **“MACS”\*** Act means the ..... Mutually Aided Co-op Societies Act 1995.
- 4.5 **“Bank”** means the ..... State Co-operative Apex Bank Limited, registered under the Act.
- 4.6 **“RBI”** means the Reserve Bank of India constituted under RBI Act, 1934.
- 4.7 **“NABARD”** means the National Bank for Agriculture and Rural Development constituted under NABARD Act 1981.
- 4.8 **“Government”** means Government of .....(State/UT as the case may be)
- 4.9 **“Central Government ”** means the Government of India (GoI)
- 4.10 **“Registrar”** means the Registrar of Cooperative Societies appointed by the Government as per the Act.
- 4.11 **“Co-operative Central Bank (CCB)”** means a Co-operative Central Bank registered under the Act

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*\*Applicable to AP and Telangana States. In other states, state specific name of the Act may be used.*

- 4.12 **“PACS”** means Primary Agriculture Cooperative Credit Society including Large Adivasi Multipurpose Society (LAMPS), Multipurpose Primary Agriculture Cooperative Credit Society (MPACS), Farmers Service Cooperative Society (FSCS) or known by any other name, registered under the Act.
- 4.13 **FPO** means Farmer Producers Organizations, Farmer Producer Companies or known by any other name registered under the provisions of the relevant law.
- 4.14 **“MSME”** means Micro, Small and Medium Enterprise registered under the MSME Act, 2006.
- 4.15 **“Member”** means 'A' class shareholder of the Bank having voting rights.
- 4.16 **“Nominal/Associate Members”** means ‘B’ Class Shareholders with no voting rights and includes :
- i. All registered Cooperative societies other than Central Cooperative Banks which are affiliated to the Bank and are indebted to it.
  - ii. Apex and other Cooperative Societies, Farmer Producers Organizations (FPOs), FPO Federations, Self Help Groups (SHGs), SHG Federations, Joint Liability Groups (JLGs), individuals, firms, companies, corporates, associations or any other body of individuals, whether incorporated or not and public sector undertakings seeking credit or banking facilities.
  - iii. Individuals holding preference shares in the Bank.
- 4.17 **“Board”** means Board of Directors or Managing Committee or Board of Management of the Bank, by whatever name called, constituted as per the provisions of the Act, to which, the direction, control and management of the affairs of the Bank are entrusted.
- 4.18 **“Sub Committee”** means the Sub Committee by whatever name it is called, constituted by the Board, for a specific purpose and / or for a specific period.
- 4.19 **“President/Chairperson”** means a person elected in accordance with the provisions of Act, Rules and Byelaws and shall be from the President/Chairperson of Central Cooperative Banks.
- 4.20 **“Vice President/ Vice Chairperson”** means a person elected in accordance with the provisions of Act, Rules and Byelaws who shall act as President in the absence of the President of the Society; and shall be from the President/Chairperson of Central Cooperative Banks.
- 4.21 **“Professional Director”** means a person appointed or co-opted as Director

without voting right to the Board of the Bank by virtue of being an expert in one or more fields of Accountancy, Agriculture and Rural Economy, Banking, Cooperation, Economics, Finance, Law, Small Scale Industry and any other matter, the special knowledge of, and practical experience in, which would, in the opinion of RBI, be useful to the Bank.

- 4.22 **“General Body”** mean representatives of ‘A Class’ members of the Bank and the nominee/s of the Government on the Board of the Bank.
- 4.23 **“General Meeting”** means a meeting of the General Body of the Bank.
- 4.24 **“Bye-laws”** mean the registered Bye-laws of the Bank for the time being in force.
- 4.25 **“Co-operative Principles”** mean the Cooperative Principles enunciated by the International Cooperative Alliance (ICA) which include:
- i. Open and Voluntary Membership
  - ii. Democratic Member Control
  - iii. Members’ Economic Participation
  - iv. Autonomy and Independence
  - v. Education, Training and Information
  - vi. Cooperation Among Cooperatives
  - vii. Concern for Community
- 4.26 **“Trust Deed”** means the mortgage and deed of trust executed by the ..... Bank under Section ....Act.
- 4.27 **“Trustee”** means the Trustees referred to in Sec. .... of the ..... Co-op Societies Act,.
- 4.28 **“Financial Year”** means the year commencing from 1st April and ending with 31st March of the following year.
- 4.29 **“Person”** means an individual not less than 18 years of age;
- 4.30 **“Managing Director (MD) /Chief Executive Officer (CEO)”** means a person, appointed by the Board as per Fit & Proper Criteria stipulated by RBI/NABARD. MD/CEO shall be the executive head of the Bank.
- 4.31 **“Delegate”** means the President/ Chairperson, MD/CEO or any other Board member nominated by the Bank to represent its interests in a federation or in other organizations;
- 4.32 **“Branches”** mean branches of the Bank;

4.33 **“Co-operative Tribunal”** means the Cooperative Tribunal constituted under the Act;

4.34 **“STCCS”** means the Short Term Cooperative Credit Structure comprising of StCBs, CCBs and PACS.

4.35 **“Seal”** means the General Seal of the Bank with year of establishment;

Words and expressions not defined in these Bye-laws shall have the same meaning assigned to them in the Act.

## **Chapter - II**

### **5. Objectives**

The objectives of the Bank shall be to act as the leader of the cooperative movement in the state and to promote, propagate and facilitate creation of a Cooperative Common Wealth through socio economic transformation of the community by peaceful and democratic means, maintaining the cooperative character, following cooperative principles of voluntary association based on equal footing, democratic management, elimination of scope of individual profit, practice of thrift and readiness to work for mutual and common cause.

### **6. Objects and Functions**

The main objects and functions of the Bank shall be:

- 6.1 To serve as the balancing centre for Cooperative Banks including CCBs, Cooperative Urban Banks (CUB) and Cooperative Societies and to serve as the State Co-operative Bank in the area of operation specified in bye-law No.....
- 6.2 To open branches, sub-offices/pay offices/ATMs and appoint business facilitators/ correspondents, etc., within the area of operation specified in the bye-law No.... and to undertake all kinds of banking business and financial services as per the relevant statutes and guidelines/instructions issued by NABARD/ RBI/ GOI/ State Govt. from time to time.
- 6.3 To finance Central Co-operative Banks, PACS and other Cooperative Societies and/or through co-financing arrangements with other financial institutions.
- 6.4 To finance individuals, firms, companies, corporate, associations or any other body of individuals, whether incorporated or not and public sector undertakings, Startups, MSMEs, FPOs, rural industries, agro-processing units, housing and other approved businesses and service activities directly and/or through co-financing with CCBs and/or other financial institutions.

- 6.5 To finance joint liability / informal groups such as Self Help Groups (SHGs), Joint Liability Groups (JLGs) and other such groups
- 6.6 To purchase, acquire, lease or otherwise obtain movable or immovable properties and dispose of the same for the needs of the Bank or in connection with the settlement of loans due to it but not with the object of the business of purchase and sale of property.
- 6.7 To purchase and sell Government promissory notes and other trustee securities.
- 6.8 To subscribe to the Share Capital of Cooperative Societies if and when necessary within the frame work of BR Act.
- 6.9 To act as an agent to “Government” or “Central Government” or any other institution permitted by “RBI” for receiving and/or administering of funds received for the agreed purposes.
- 6.10 To solicit or procure insurance business as a Corporate Agent.
- 6.11 To inspect the Co-operative Central Banks, Societies and other units financed by it.
- 6.12 To promote savings amongst members and other stakeholders.
- 6.13 To establish and maintain training and research institute for its benefit and for the benefit of its members and to improve skills of the staff of StCBs, CCBs, PACS and other stakeholders.
- 6.14 To guide, support, assist the CCBs, PACS and other societies and their members in improving their managerial capabilities, operational efficiency, technology adoption & upgradation, systems & procedures, training & research, providing incentives and to undertake and promote any such activity as may be beneficial to the overall growth of STCCS.
- 6.15 To undertake such other activities/ initiatives to promote and develop the STCCS and the cause of Co-operation.
- 6.16 To take up such activities/initiatives as may be required to promote the Co-operative Principles.
- 6.17 To promote welfare of members of the bank and other stakeholders.
- 6.18 To establish and support or aid in the support of associations, institutions, funds, trusts formed for the benefit of employees / ex-employees of the Bank or of other societies and their dependents in granting pensions, allowances and making payments towards insurance etc.,
- 6.19 To do any other form of business which Government / Central Government may by notification in the official gazette specify as a form of business in which it is lawful for the Bank to engage.

- 6.20 To extend consultancy services in the fields of cooperation, banking, capacity building, technology etc., with in India and abroad.
- 6.21 To do all such other things as are incidental or conducive to the promotion or advancement of objects of the Bank.

## **Chapter - III**

### **7. Membership**

The membership of the Bank shall consist of:

- i. 'A' Class Members comprising of CCBs registered in the state of ..... and affiliated to the Bank and Government.
- ii. 'B' Class Members comprising of Nominal /Associate members.

### **8. Share Capital**

#### 8.1 Authorized Share Capital

The Authorized Share Capital of the Bank shall be Rs ..... crore (Rupees.....) made up of

- i. .... 'A' Class Shares of Rs...../- each and
- ii. .... 'B' Class shares of Rs...../- each.
- iii. .... Preference/Special shares of Rs...../- each

#### 8.2 Allocation of Shares

- i. 'A' Class shares shall be allotted to the Central Cooperative Banks, And Government.
- ii. 'B' Class shares shall be allotted to Apex and other Cooperative Societies, FPOs, FPO Federations, firms, companies, corporates, associations, MSMEs, public sector undertakings, Self Help Groups (SHGs), SHG Federations, Joint Liability Groups (JLGs), individuals and any other body of individuals whether incorporated or not and seeking credit or banking facilities.

- iii. Preference shares shall be issued to persons who are supporting the cause of cooperative movement and such preference share holders will be eligible to receive dividend at a rate fixed by the Bank subject to prior approval of RBI.

## **9. Share linkage pattern**

9.1 The share linkage pattern of the bank shall be as under:

- i. Every CCB shall hold share of the face value of at least ..... % of its borrowings exclusive of Gold Loans, Loans to FPOs, FPO Federations, SHGs, SHGs Federations, JLGs, Weavers Societies and agriculture term loans.
- ii. In case of agriculture term loans, every CCB shall have share value at .....% of its borrowings.
- iii. In respect of Gold Loans, Loans to FPOs, FPO Federations, SHGs, SHGs Federations, JLGs, etc., every CCB shall hold share of the face value of at least ..... for availing re-finance.
- iv. In respect of weavers' societies and other functional societies, every CCB shall hold share value at .....% of its borrowings for the purpose.
- v. In respect of Gold Loans and other loans to individuals, traders, FPOs, FPO Federations, SHGs, SHGs Federations, JLGs, etc., shall hold shares of the face value of Rs. ....
- vi. Every 'B' class shareholder shall, on allotment, pay an entrance fee of Rs...../-.
- vii. All members shall pay the value of share or shares allotted to them in one lump sum.
- viii. Loans sanctioned to employees and loans sanctioned against deposits are exempted from Share linkage.
- ix. The Managing Director/Chief Executive Officer or any other officer authorized in this behalf shall allot such shares to such applicants as per the policy laid down by the Board.
- x. Shares shall be allotted to members at par/premium.

9.2 The linkage of shares held by the CCBs stipulated in these by-laws shall not apply to:

- i. The advances granted to them for financing the purchase and distribution of agri inputs, procurement of food grains, distribution of consumer articles, lifting of commodities under PDS, etc., which are covered by pledge or hypothecation of stocks at their level (excepting produce pledge loans) or

- ii. Cash credit limits sanctioned to them against the security of fixed deposits or securities as defined under section 20 (a) to (d) of the Indian Trust Act; and
- iii. The loans sanctioned to them by the Government through the Bank under any Rehabilitation scheme.

9.3 The Government may be allotted 'A' class shares in the Bank as may be decided by the Board, not exceeding .....% of the paid-up share capital. However, the Bank may reduce the Government's equity at its choice.

#### 9.4 Transfer/Withdrawal of Shares

- i. Transfer of 'A' class shares shall not be allowed unless the transferee is an 'A' Class member.
- ii. Every transferee of a share, shall pay a fee of Rs...../- for every share transferred.
- iii. Transfer of a share shall not be effected unless and until it is approved by the Managing Director / Chief Executive Officer or any officer authorized in this behalf.
- iv. Central Cooperative Bank shall not be permitted to withdraw or reduce its share capital held in the Bank except to the extent and subject to such conditions as the RBI may specify in this behalf.
- v. The Bank reserves the right to set-off the value of shares towards any un-discharged obligation or payment due to the bank.

#### 9.5 Share Certificate

- i. Every shareholder shall be entitled to receive a share certificate or certificates signed by the officers authorized in this behalf by the Board with the seal of the Bank as per the provisions of the Act.
- ii. If any such share certificate be worn out, damaged or lost it may be replaced on surrender of worn out share certificate and on payment of Rs...../- per certificate provided that such evidence as the Bank may deem reasonable is adduced regarding the loss of such certificate and of the title thereto of the party applying for the replacement and provided also that such indemnity as the Bank may require be given in respect of the issue of the new certificate.



- iii. Every endorsement upon the certificate of a share in favour of any transferee thereof shall be signed by the officers authorized in this behalf by the Board.

## **10. Liability of Members**

The liability of a member shall be limited to the extent of share capital subscribed by such member.

## **Chapter - IV**

## **11. Funds**

The Bank shall raise funds from the following sources:

- i. Equity shares or Preference shares or Special shares on face value or at premium;
- ii. Debentures and Bonds and such other financial instruments as are permitted under the applicable law (s)
- iii. Unsecured debentures or bonds or other like securities with initial or original maturity of not less than ten years as are permitted under the applicable law (s)
- iv. Long Term (Subordinated) Deposits (LTD) and Innovative Perpetual Debt Instruments (IPDI) to facilitate raising capital funds for the purpose of compliance with CRAR norms subject to relevant Acts and RBI/NABARD guidelines issued from time to time.
- v. Loans from Government or Central Government and International financial institutions, as may be permitted in this regard.
- vi. Borrowings from RBI, NABARD, NCDC, SIDBI, NHB, LIC, Banks and other financial institutions regulated by RBI.
- vii. The reserve fund of CCBs, CUBs and other Co-op Societies shall be accepted as deposits.
- viii. Deposits of various kinds and such other financial instruments as are permitted under the applicable law(s).
- ix. Donations, Grants, subsidies and endowments from Government, Central Government & others.

The Bank may devise other necessary fund raising products and financial instruments as permitted under the applicable law(s) to meet its financial requirements.

## **12. Borrowing Power**

The maximum borrowing power of the Bank shall be..... times of the aggregate paid-up share capital, Reserve Fund, Special Bad Debt Reserve, Dividend Equalization Fund, Agricultural Credit Stabilization Fund, Building Fund and such other reserves as may be permitted by RBI/NABARD from time to time.

### **13. Loans & Advances**

- i. The funds of the Bank shall primarily be utilized for the purpose of granting Short Term, Medium Term & Long Term and any other loans to Agriculture, allied & other Purposes for on-lending or otherwise to Central Cooperative Banks in the area of operation mentioned at bye-law No....., as per the loan policy and guidelines thereof as approved by the Board from time to time.
- ii. Loans may also be granted by the Board to the Apex Co-operative Societies (other than Co-operative Central Cooperative Banks) in the area of operation mentioned at bye-law No....., on such terms and conditions as the Board may prescribe from time to time after admitting such societies as nominal/ associate('B' class) members.
- iii. Similarly any other Co-operative society or societies may be granted credit facilities on terms prescribed by the Board from time to time after admitting such Co-operative societies as 'B' class members.
- iv. Advances by way of overdraft / cash credit / any other loan facility against security or otherwise may be granted to 'B' class shareholders as per the loan policy and guidelines thereof as approved by the Board from time to time.
- v. Advances may be granted towards block capital and /or working capital requirements of industrial concerns or of agro-based industrial concerns or allied activities owned/run by any individuals, firm, company, association or body of individuals whether incorporated or not or any other loan prescribed/ approved by the Board from time to time to those who or which are admitted as 'B' class Shareholders. Such advances will be governed by policy prescribed by the Board from time to time.
- vi. Fund based and / or non-fund based credit and banking facilities may be granted to individuals, institutions, Public Sector undertakings and Quasi-Governmental organizations subject to the loan policy as prescribed by the Board from time to time.
- vii. Loans may also be granted to 'B' class shareholders against any security/s as defined in Sec. 20(a) to (d) of the Indian Trust Act 1882, subject to the loan policy as prescribed by the Board from time to time.

## **14. Appropriation of Repayments**

All repayments by the Co-operative Central Cooperative Banks, individuals, other Co-operative Societies, firms and companies etc., to the Bank shall be appropriated in the following order:

- i. To Arbitration, Execution fee and Other Charges
- ii. To Penal interest
- iii. To interest on overdue
- iv. To interest
- v. To principal
- vi. To advance payment of principal.

The above mode of appropriation shall be applied on a loan purpose-wise basis keeping in view the Income Recognition and Asset Classification (IRAC)/Prudential Norms prescribed by RBI/NABARD from time to time.

## **15. Interest Rates**

- i. The rate of interest to be charged on loans, cash credits, overdrafts and other advances shall be determined by the Board or Officers Committee/s in accordance with the instructions issued by RBI / NABARD from time to time and as per the terms and conditions stipulated by other lending institutions or by Government in case of Government borrowings.
- ii. In case of overdue loans, Penal interest as prescribed by the Board or Officers Committee/s over and above the rate at which the loans are issued shall be charged.
- iii. The rate of interest to be paid on deposits and borrowings raised by the Bank shall be determined by the Board or the Officers Committee/s authorized by it in accordance with the directives of RBI/NABARD and as per the terms of other lending institutions.

## **16. Inspection**

- i. The Bank shall have the right to inspect the Central Cooperative Banks affiliated to it and Cooperative societies and other borrowers which are affiliated and/or indebted to the Central Cooperative Bank. The inspection may be done by deputing any staff member of the Bank. The Bank shall have power to call from Central Cooperative Banks, Societies and other borrowers indebted to it, such statements and returns as are necessary to ascertain the financial condition of such Banks or societies or other borrowers and to take such action as it deemed necessary to ensure safety of the funds lent to them.
- ii. The Bank shall have the right to inspect the borrowing individuals / institutions / firms and their affiliates which are affiliated and / or indebted to the borrowing institution / firm to ensure safety of the funds lent to them.

## Chapter - V

### 17. General Body

17.1 The General Body shall consist of the following:

- i. Central Cooperative Banks which are members of the Bank having voting rights in accordance with the provisions of the Act. The Presidents / Chairpersons of the Central Cooperative Banks shall represent them in the General Body of the Bank.
- ii. The nominee of the Government on the Board of the Bank.

Every member of the General Body shall have only one vote.

17.2 Powers of the General Body

Subject to the provisions of the Act, the ultimate authority in all matters relating to the Management and Administration of the Bank vests with the General Body. The General Body shall not, however, interfere with the actions of the Board, the President and the CEO in respect of matters delegated to them through the Act, Bye-laws or matters falling under the purview of GOI/RBI/NABARD/Government.

17.3 The General Body, at such meetings, subject to the other provisions of the Act, in the manner prescribed, shall deal with the following business:

- i. Review of the performance of the Bank.
- ii. Review of loans & advances sanctioned or the business done with individuals /institutions /societies with direct/indirect interest of the Members of the Committee or their near relatives.
- iii. Adoption of the Annual Report and financial statements, along with the audit certificate/ report of the auditor within the time stipulated under the B.R. Act 1949(AACS).
- iv. Making amendments as may be necessary in the Bye-laws of the Bank.
- v. Approval of the annual budget of Income and Expenditure.
- vi. Writing off bad/doubtful assets after review thereof.
- vii. Appropriation of the profit as per the provisions of the Act/Bye-law.
- viii. Approval of HR Policy, pay and allowances and service conditions of the employees including periodic performance appraisal system.

- ix. Expulsion of a Member.
- x. Review of the report on disqualification of the Members and Board Members
- xi. Election/Nomination of delegates to the federal society or other societies.
- xii. Affiliate or disaffiliate with a federal society of its choice.
- xiii. Decision on transfer of Assets and Liabilities on division or amalgamation.
- xiv. Any other business as may be permitted by the relevant statutes.

17.4 If any sum belonging to the Bank is either stolen or otherwise lost and found irrecoverable, or if any loan due to the Bank is found otherwise irrecoverable either wholly or in part, it shall be open to the General Body to write off such amount and the decision of the General Body is final.

17.5 An amendment to the byelaws of the Bank, for which a prior notice has been given to the members indicating a reasonable idea of nature of the amendment proposed shall be considered by the General Body at its meeting and carried by 2/3rd of the members present and voting. Such amendment shall be sent to the Registrar for registration within 30 days from the date of meeting and it shall come into force on the day on which it is registered.

#### 17.6 General Body Meetings

The Board shall convene not less than two General Body meetings in a year provided that one meeting shall be held in each half year. If the General Body is not so convened, the Board shall cease to hold office on the day next after the last day on which the General Body Meeting should have been held.

The Board shall also convene Extraordinary General Body Meetings as and when considered necessary.

#### 17.7 Notice for General Body Meetings

- i. Fifteen days notice for the General Body Meeting and seven days notice for the Extraordinary General Body Meeting shall be given to the members **“by speed post, registered post, courier or by any other mode of communication like, email, fax and by publication on the notice board at the Head Office of the Bank”** specifying the date, time, place and agenda for the meeting.

- ii. Non receipt of a notice by any share holder shall not invalidate the proceedings of an ordinary or any extraordinary General Body Meeting. The notice of meeting shall be deemed sufficient if sent to the address given by the member.

#### 17.8 Quorum for Meetings of the General Body

- i. The quorum for the General Body Meeting shall be.....
- ii. For a meeting called for election of Office bearers or passing of no confidence motion, the quorum shall be as per the provisions of Act & Rules.
- iii. All matters duly brought before the meeting shall be discussed and decided by a majority of votes of the members of the General Body present at the meeting and in the case of equality of votes, the Chairman of the meeting shall have a casting vote.

#### 17.9 Extraordinary General Body Meetings

- i. Extra-ordinary General Body Meetings may be called whenever the Board considers it necessary and shall be called on a requisition in writing from .... or more shareholders.
- ii. All requisitions for Extra-ordinary General Body Meetings shall express the object for which the meeting is proposed to be called and shall be submitted at the Head Office of the Bank.
- iii. The meeting shall be called within one month from the date of receipt of such requisition.
- iv. The minutes of the meetings of the General Body shall be recorded by the Chairman of the meeting.

### **18. Board:**

The Management of the Bank shall vest in the Board consisting of such number of members and with such composition of members as prescribed below.

## 18.1 Constitution

The constitution of Board of the Bank shall be as under:

i.	President	1
ii.	Vice President	1
iii.	Directors	....
iv.	Nominee/s of StateGovt.*	1
v.	Chief Executive Officer / Managing Director ( ex-officio member and Convener )	1
vi.	Special invitee – Officer In-Charge of NABARD, Regional Office.	1
vii.	Professional Directors **	....

*\* The Government may nominate its nominee/s on the Board as long as the equity of the Government is held in the Bank.*

*\*\* As per the instructions of RBI/NABARD from time to time.*

## 18.2 President / Chairperson

- i. The President shall be elected by the elected Members of the Board for a term of .....years. Elected members mean the Presidents /Chairpersons / Representatives of.....CCBs.
- ii. The term of office of the Board or any of its members or of the President and Vice President shall be ..... years from the date of election of the members of the Board as per the provisions of the Act.

## 18.3 Voting rights of Directors.

- i. All the members of the Board shall have voting right. However, in the meetings held for election and for considering no confidence motions only the Presidents/Chairpersons/Representatives of the.....CCBs alone shall participate and vote. However, Government Nominee(s) /Professional Directors shall not have voting rights in any election or in the motion of no confidence/confidence.

## 18.4 Board Meeting – Notice

- i. Not less than 10 days' notice for every ordinary meeting and such previous notice as circumstances permit for every special meeting shall be given by the MD/CEO to each member of the Board and the day, the place and hour of the meeting shall be specified in the notice. Every notice of meeting shall be accompanied by agenda papers showing the business to be brought up before the meeting, provided that the Board, with the leave of the Chair, brings any business which in its opinion is urgent before any ordinary or special meeting without previous notice and without placing the same on the agenda.

- ii. It shall be the duty of the President/ Chairperson of the Bank to call the meeting of the Board so that at least one meeting of the Board is held in every three months. If the President/Chairperson fails to convene the Board meeting as stipulated above, as a result, no meeting is held within such period of 3 months or within one month following such period, shall cease to be the President/ Chairperson with effect from the date of expiration of aforesaid one month.
- iii. It shall also be the duty of the President/Chairperson to call such meetings within 15 days of the date of receipt of requisition in writing in that behalf from at least one fourth of number of members of the Board or the Registrar or the Financing Bank to which the Bank is indebted.
- iv. In special circumstances, the President/Chairperson shall have authority to convene a meeting of the Board of his own accord.
- v. All notices for meetings and all other notices shall be deemed sufficient and proper if left at or posted to the address given by Directors and it is their duty to keep the Bank informed of any change of address from time to time.
- vi. The President/Chairperson or in the absence President/Chairperson, the Vice-President/Vice-Chairperson shall preside over meetings of the Board and in the absence of the President/Chairperson and the Vice-President, a Chairman shall be elected from among those present.
- vii. The President/Chairperson shall exercise casting vote, whenever there is a equality of votes
- viii. No Director, including the President or Vice- President or MD / CEO shall be present in the Meeting when a matter in which they are directly or indirectly interested is being considered.

#### 18.5 Board Meeting –Minutes

The minutes of the meetings of the Board shall be recorded by the MD/CEO and approved by the President/Chairperson.

#### 18.6 Board Meeting – General

- i. Any member of the Board desirous of bringing up for consideration any subject not included in the agenda or wishing to move an amendment shall forward a copy of the same so as to reach the MD/CEO of the Bank not less than three clear days before the day of the meeting. The MD/CEO shall forthwith give notice of the same to the members of the Board and include the same in the agenda for consideration of the Board in the meeting.



- ii. The Bank shall pay the traveling expenses and sitting fees to the members attending the meetings of the Board and to the members of any sub-committee(s) appointed by the Board on a scale to be fixed from time to time by the Board.
- iii. The quorum for a meeting of the Board shall be one-third of the members eligible for representation and the opinion of majority of those present and voting, shall be the decision of the Board and in case of equality of votes, the President/Chairperson shall have a casting vote.

#### 18.7 Circular Resolution

It shall be competent for the President on the recommendation of the MD/CEO, in the matters of urgent and other business considerations, to circulate subject(s) for consideration, by post, or otherwise, among all the members of the Board. The decision of the Board obtained by circulation shall have the same effect as a decision arrived at meetings of the Board, provided that all the members of the Board had a reasonable opportunity of expressing their opinions and at least one third of the members of the Board are of the same opinion. Such resolution obtained in circulation shall be placed at the next Board meeting for ratification. In case of any difference/s of opinion such subject shall be placed before the next meeting of the Board for consideration.

#### 18.8 Powers of the Board

- i. It shall be competent to the Board to make such regulations as it considers necessary for facilitating discharge of its work, constitute sub-committee(s) of its members as per requirements to assist the Board in the discharge of its duties and as per the instructions of RBI / NABARD from time to time.
- ii. It shall be competent for the Board, by a resolution, to authorize the MD/CEO or any other officer to purchase, acquire, lease or otherwise obtain immovable property and to sell, lease, mortgage and otherwise deal with immovable properties of the Bank and to execute the necessary documents/deeds on behalf of the Bank.
- iii. The Board may exercise all powers and do all such acts and things as may be exercised or done by the Bank as per these Bye-laws and expressly directed or required as decided in the general meeting subject to such restrictions as prescribed in the Act and other relevant statutes and directions of RBI/NABARD.
- iv. The Board shall prepare and submit or cause to be prepared and submitted such statements and reports as per RBI/NABARD guidelines and the Act as applicable.
- v. To cause liquidation of affiliated societies indebted to the Bank as per the conditions laid-down by the Registrar with a view to facilitate recovery of dues from such societies.

## 18.9 Role and Responsibilities of the Board

- i. The Board shall have the responsibility of formulation of policies, overseeing the performance of bank's operations and ensures that the Bank functions in accordance with the provisions of Acts / bye laws / guidelines of RBI/NABARD/GoI/State Government issued from time to time. The Board shall also ensure timely compliance with all legal requirements.
- ii. The Board should exercise overall supervision and control over the functioning of the bank, leaving day to day administration to the Chief Executive Officer (CEO) of the bank.
- iii. The Board shall adhere to the governance frame work and the guidelines on the code of ethics including Dos and Don'ts suggested by NABARD from time to time. The Directors shall sign the declaration of Fidelity and Secrecy in the pro-forma appended to these Bye-laws. .

## 18.10 Disqualification of Directors:

- i. The disqualification for membership of the Board shall be as prescribed in the Act/ Bye-laws as amended from time to time.
- ii. The Professional Director(s) and director(s) who do not fulfill the fit and proper criteria stipulated by RBI/NABARD, shall be removed by the Registrar at the request of the RBI/ NABARD.
- iii. A member of the board representing a Central Cooperative Bank on the Board of the Bank shall be disqualified by the Registrar in the event of such society / CCBs committing a default for a period exceeding one year on intimation of such default by the MD/ CEO of the Bank.
- iv. A defaulting member shall not be eligible to be elected to the Board of the bank and a defaulting office bearer of a PACS, on intimation of such default by the CEO of the CCBs, shall not continue on the Board for more than one year unless the default is cleared.
- v. A member of the board representing a society other than PACS on the Board of bank shall be disqualified by the Registrar in the event of such society committing a default for a period exceeding 90 (ninety) days on intimation of such default by the CEO of the CCB or society concerned.

## 18.11 Cessation of the Membership of a Director and Reinstatement

Where a member of the Board is absent for three consecutive meetings of the

Board, shall cease to be a member of the Board. The member may, however, be reinstated by the Board in the manner prescribed viz., the fact of disqualification shall be intimated to the member and it shall be reported by the CEO at the next meeting of the Board, with the reply, if any, received from the member explaining the reasons for absence. It shall be open to the Board to reinstate such member, on satisfying itself with the explanation given by the member and provided that such a member shall not be reinstated more than once during the term of the Board.

#### 18.12 Board–Vacancies

18.12.1 A vacancy shall be deemed to arise in the Board in respect of elected members:

- i. When the Board member resigns and the resignation is communicated to the Registrar either by the member directly or through the Central Cooperative Bank concerned and after the resignation is accepted. by the Registrar; or
- ii. When the Board member ceases to be the President of the Central Cooperative Bank concerned and the same is communicated to the Chief Executive Officer/Managing Director by the CEO of the CCB; or
- iii. When a Central Cooperative Bank represented on the Board goes into liquidation; or
- iv. When the Board member is disqualified as per the Provisions of the Act and/or NABARD/RBI guidelines as applicable.

18.12.2 A vacancy shall be deemed to arise in the Board in respect of other members:

- i. When the Board member resigns and the resignation is communicated to the Chief Executive Officer / Managing Director by the member directly and after the resignation is accepted by the Board; or
- ii. When the Board member is disqualified as per NABARD/RBI guidelines and Act as applicable; or
- iii. When the Board member's nomination is withdrawn by the Govt.

#### 18.13. Functions of the Board

The Board is expected to concentrate on broader issues of policy direction, laying down plans, goals, major strategic and business decisions. The Board shall, subject to the provisions of the Act, Bye-laws and resolutions of the General body, exercise the following powers and functions;

- i. Admission of members.
- ii. Allotment of shares to members and transfer of shares.
- iii. Recommend to the General body for removal of the member(s) disqualified under section .....of the Act.

- iv. Recommend to the General Body for removal of any of the committee member(s) disqualified u/s .....of the Act and reinstatement of a committee member who ceased to be such member of the committee u/s.....and place there ports before the General Body.
- v. Raise funds, advance loans and make investments as prescribed in Bye-laws.
- vi. Convene General Meetings as prescribed in the Act.
- vii. Nomination of delegates to the financing bank or any other agencies.
- viii. The Board shall constitute a Selection Committee to select the Chief Executive Officer/Managing Director in accordance with the guidelines and as per the Fit and Proper Criteria communicated by RBI / NABARD. On the recommendation of the Selection Committee, the Board shall appoint the Chief Executive Officer / Managing Director on the terms and conditions as approved by the Board.
- ix. The MD/CEO so appointed is responsible to the Board. The Board should define the role and responsibilities of the MD / CEO and should also draw boundaries under which the MD / CEO should exercise his fiduciary and other powers so that the objectives and goals of the Organization are achieved. The Board shall have the disciplinary control over the MD/CEO.
- x. To co-opt Professional Directors on the Board in case such professionals as stipulated by the RBI/NABARD do not get elected to the Board.
- xi. Cause the audit of the accounts of the bank by the chartered accountant selected from the panel approved by the RBI/NABARD within the time prescribed and place the audit report before the General Body.
- xii. If, in the opinion of the Bank the security furnished by its members or to the CCB by its members or to the PACS by its members for any loan advanced has become inadequate or deteriorated or depreciated or is likely to become inadequate, deteriorate or depreciate in value, it shall be competent for the Board to call upon such members of the Bank or CCB or PACS by a notice in writing, to cause additional security by them to be furnished to the satisfaction of the Bank with in the period specified in the notice.
- xiii. The Board is competent to release or authorize any officer of the Bank to release a portion of the hypotheca in respect of the long term loans advanced and outstanding, on such terms and conditions as may be deemed fit.
- xiv. The Board shall review periodically the performance of MD / CEO and the team against the prescribed guidelines /mile stones. The day to day decision making, within this frame work should, however, be left to the MD/CEO.

- xv. Ensure adoption of a proper HR policy in relation to recruitment, placement, promotion, pay scales and other allowances to the employees of the bank, subject to the norms laid down by NABARD.
- xvi. Prepare the list of defaulters and review and place before the General Body.
- xvii. Review all outstanding loans and ensure coverage of legal action on all over due loans and advances.
- xviii. Give information on the affairs of the bank to the Registrar, financing bank etc., as per the extant statutes and other requirements.
- xix. Place Annual Report, Annual financial statements, Annual Plan and Budget before the General Body for consideration and approval.
- xx. To take up such activities/initiatives as may be required to promote the Co-operative Principles including co-operative education of members and employees of the bank.
- xxi. The Board may delegate the power to sanction and disburse loans or permit drawals against the sanctioned credit limits or other accommodation, already approved by the Board, to the Chief Executive Officer/Managing Director or any other officer or officers/ Committee of Officers.
- xxii. The Board may delegate powers to execute necessary documents for raising funds from financial institutions etc.,
- xxiii. The Board shall ensure that any committees or members or any officer to whom the powers are so delegated shall exercise powers so delegated, conform to restrictions, if any, imposed on them.
- xxiv. Review of frauds detected / reported, their timely reporting and action taken thereon.
- xxv. Review of deposits of the bank, efficient management of funds and improving profitability.
- xxvi. Review of Investment Management and form a committee to manage it.
- xxvii. Budgeting of income and expenditure, performance and profit ability review.
- xxviii. Review of working of branches/ CCBs / PACS and steps initiated for the turnaround of such loss making branches / CCBs / PACS.
- xxix. Review of Arbitration cases.
- xxx. Review maintenance of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Capital to Risk weighted Assets Ratio (CRAR) and other statutory compliances from time to time.

- xxxi. Prepare and place before the General Body proposals relating to:
  - a. Write-off bad debts.
  - b. Removal of membership.
  - c. Expulsion of member
  - d. Appropriation of net profits as per the provisions of the Act / Bye-laws.
  
- xxxii. The Board shall have autonomy in all financial and internal administrative matters subject to the guidelines of RBI / NABARD in the following areas, in terms of the Provisions of the Act:
  - a) Interest rates on deposits and loans.
  - b) Borrowings and investments.
  - c) Loan policies and individual loan decisions.
  - d) Personnel policy, staffing, recruitment, posting and compensation to staff.
  - e) Internal control systems, appointment of auditors and remuneration or fee for the auditors.
  
- xxxiii. Strengthen internal checks and control mechanism as regards to segregation of duties and responsibilities and fixing accountability.
  
- xxxiv. Strengthen internal audit system & vigilance mechanism and its timely reporting and follow up action thereon.
  
- xxxv. To appoint Sub-committees as per the directions of the RBI /NABARD.
  
- xxxvi. To remove the MD / CEO, who do not fulfill the Fit and Proper Criteria stipulated by RBI, as per the instructions of NABARD / RBI.
  
- xxxvii. The Board shall cause conducting a special audit / enquiry into any specific instance or account as the case may be, on its own or if required by NABARAD / RBI and submit a report within the stipulated time.
  
- xxxviii. The Board shall approve a training and capacity building plan for its staff.
  
- xxxix. Furnishing of Compliance Report on the NABARD / RBI Inspection Reports / Observations.

Members of the Board shall be collectively accountable for their decisions.

## **Chapter - VI**

### **19. Role and Responsibilities of President / Chairperson**

The President / Chairperson shall:

- i. Call for the meetings of the Board.
- ii. Preside over the meetings of Board and General Body.
- iii. Exercise the powers delegated by the Board.
- iv. Delegate powers to the Vice-President or any other Director as approved by the Board in case of emergency or in case of absence.
- v. Exercise general control over the affairs of the Bank.
- vi. Have casting vote in case of equality of votes on any matter at any Board or General Body Meeting.
- vii. In special circumstances, have authority to convene meetings of the Board on own accord and on requisition of at least one-fourth (1/4) of the members of the Board.
- viii. Approve the minutes of the Board Meetings recorded in the minutes book(s).
- ix. Except to the extent delegated, shall not interfere in the day to day administration of the Bank and guide the MD / CEO to function effectively as deemed necessary.

### **20. Role and Responsibilities of the Vice-President / Vice-Chairperson**

Whenever the President is absent for a period of 15 days from the Head quarters or due to illness or any other bona-fide cause, the Vice President shall exercise the powers and perform the duties of the President as provided under the Act and Bye-laws.

### **21. Functions and Duties of Managing Director/CEO:**

The Managing Director/CEO shall:

- i. Be responsible for the general conduct, supervision and management of the day-to-day administration and affairs of the Bank.
- ii. Be responsible and answerable to the Board and for administrative convenience and shall report to the President / Chairman.
- iii. Be the officer to sue (or) to be sued on behalf of the Bank. The MD/CEO may, however, authorize, by way of a general or specific executive order, any officer or class of officers of the Bank to take all necessary action in respect of suits to be filed by the Bank and in defense of suits filed against the Bank.

- iv. Convene the meetings of the Board and the General Body in terms of Bye-laws in consultation with the President/Chairman in respect of the meetings of the Board and in consultation with the Board in respect of the meetings of the General Body.
- v. Issue notice to the members for attending the meetings as prescribed in the Bye-laws.
- vi. Bring various subject matters as part of the agenda, conforming to the guidelines issued by NABARD from time to time, before the Board and with the approval of the Board before the General Body and sign all the agenda papers to be submitted to the Board/General Body.
- vii. Attend all the meetings of the Board and without the right to vote in an election or in a motion of confidence /no-confidence.
- viii. Ensure proper maintenance of accounts and registers and the preparation of financial statements prescribed under the relevant provisions of the Act and Bye-laws.
- ix. Place before the General Body, through the Board, the annual financial statements along with the audit report within the period as specified in the Act.
- x. Ensure inspection and also cause the special audit/verification of the accounts of CCBs / PACS / Other Institutions financed by Bank through officials of the Bank and/or by any other agency.
- xi. Incur contingent expenditure as decided by the Board from time to time.
- xii. Delegate any of the powers as may be required, to any officer of the Bank subject to the approval of the Board.
- xiii. Be the ex-officio Member of the Board of the Bank.
- xiv. Place the notices, if any, received from members for consideration at the Board meetings.
- xv. Record the minutes of the board meeting and be the custodian of the same.



- xvi. If any Director acquires the disqualification mentioned in these Bye-laws or the Act, intimate to the Director concerned in writing the fact of disqualification and place the subject along with representation if any received from the directors concerned, in the next meeting of the Board of Directors for necessary action.
- xvii. Be responsible for timely execution of the policies formulated and resolutions adopted by the Board.
- xviii. Be responsible for implementing the instructions received from the regulatory and supervisory authorities.
- xix. Work in close liaison with various committees setup by the Board and keep the committees fully informed of the relevant aspects.
- xx. Have general custody of all documents and all properties of the Bank subject to specific responsibility and custody entrusted to other Officers of the Bank who shall also be responsible to such documents and assets as their custodians.
- xxi. Issue appointment orders and orders of promotions as provided under the Staff Service Regulations.
- xxii. Initiate/take disciplinary action against the staff as per the Staff Service Regulations.
- xxiii. Exercise the fiduciary powers only to the extent decided by the Board in respect of sanction of loans/purchase of assets/and incurring miscellaneous expenses.
- xxiv. Be responsible for achieving the objectives of the Bank as laid down in the Bye-laws and take all measures necessary for carrying out the objectives of the Bank and for promotion and development of the business of the Bank.
- xxv. Apprise the Board regarding Bye-laws, Act, and Government Orders and the instructions of the Registrar, RBI and NABARD from time to time and ensure their compliance.
- xxvi. In the event of any decision taken by the Board / General Body in contravention to the provisions of the Act, Bye-laws & Guidelines of NABARD/RBI, record views in the dissent note and the same be brought to the notice of NABARD/RBI/Govt.
- xxvii. Not to act upon the decision taken by the Board / General Body if a decision is taken in spite of recording of the dissent as mentioned above, till such time NABARD/ RBI / Govt. conveys a decision in the matter. However, if a reply is not received within.....days from the date of reference, the decision of the Board / General Body shall prevail.
- xxviii. Have job-charts of various functionaries and manuals etc., prepared and have the same approved by the Board.

## Chapter - VII

### 22. Appropriation of Profit

- i. A sum not less than 25% of the net profits shall be carried each year to the credit of the Reserve Fund.
- ii. A sum not less than 15% of the net profits shall be carried to the credit of the Agriculture Credit Stabilization Fund.
- iii. Such other sum(s) as may be decided by the General Body.
- iv. Out of the remainder, dividend at a rate, as is permissible under extant rules/guidelines per annum on the amount of fully paid-up shares of members (other than nominal members), including shares, if any, held by the State Govt. proportionately to the period during which the share capital was so held may be paid.

22.1 The following allotment may be made from the remaining.

- i. A sum not exceeding 15% of the net profit of the year towards a building fund
- ii. Towards bonus payable to the employees of the Bank as per the provisions of the payment of Bonus Act.
- iii. A sum not exceeding 7½% of the net profits towards the Common Good Fund devoted to discharge of corporate social responsibility and charitable purposes including for education, Co-operative propaganda, sanitation, relief of the poor and for purposes of National Emergency.
- iv. A sum not exceeding 5% of the net profits shall be carried to the credit of Dividend Equalization Fund until the fund reaches the level of 2% of the paid-up share capital.
- v. Subject to a minimum allocation of dividend on ordinary shares at 6% in any year, such sum as may be decided upon by the General Body may be allocated to the Central Cooperative Banks Development Fund which shall be utilized as per the rules adopted by the General Body.

- vi. A sum as may be decided towards Staff Benefit Fund.
- vii. A sum as may be decided upon by the General Body towards constitution of funds for the benefit of PACS and CCBs such as Institutional Protection Fund or by any other name.

The balance, un-allotted, if any, shall be added to the Reserve Fund.

### **23. Special Reserve**

Dividends and other liabilities not being deposits, which are not claimed within six years may be added to special reserve by the Board and any claim sanctioned by the Board out of these items shall be paid out of the same reserve.

### **24. Reserve Fund**

The Reserve Fund shall be one and indivisible. It belongs to the share holders of the Bank collectively and shall not be drawn up on except to make good losses and with the previous sanction of General Body. No shareholder can claim a specified share in it.

### **25. Agriculture Credit Stabilization Fund**

The Bank shall create an Agriculture Credit Stabilization Fund as per these Bye-laws.

- i. The Agriculture Credit Stabilization Fund may be used by the Bank for Medium Term loans and Long Term loans (i.e., loan exceeding one year but not exceeding 25 years) to affiliated CCBs to enable the latter to discharge apart of their short term loans, the repayment of which has become difficult due to famine, drought, floods, fire or such other natural causes of calamities occurring in their respective jurisdictions, the other part being required to be met out of the CCBs own Agriculture Credit Stabilization Fund. Such loans out of this fund shall be sanctioned by the Board.
- ii. Repayment of Principal amounts out of loans issued from this fund shall be re-credited to the fund.
- iii. The Agriculture Credit Stabilization Fund belongs to the Bank as a whole. No member can claim a share in it. It shall be invested in the manner prescribed.

## **Chapter - VIII**

### **26. Legal Matters**

- i. The Officer to sue or to be sued on behalf of the Bank shall be the Chief Executive Officer / Managing Director. The Chief Executive Officer / Managing Director may, however, authorize any officer or class of officers of the Bank by way of General or specific executive order to take all necessary action in respect of suits to be filed by the Bank and in defense of suits filed against the Bank.
- ii. Without prejudice to the above, Branch Managers and Managers of different departments at head office are authorized to file or defend criminal complaints including criminal complaints under Sec. 138 of the Negotiable Instruments Act before the appropriate court(s).
- iii. The MD / CEO or other officers delegated powers in the matter are authorized to file Special Leave Petitions before the Supreme Court, Writ Petitions / Writ Appeals, revisions before the High Court & Tribunal and verify pleadings and file sworn affidavits and to sign Vakalats on behalf of the Bank and / or to defend legal proceedings filed against the Bank.

### **27. Cooperative Training Institute**

The Bank may establish a Cooperative Training Institute with the following objectives:

- i. To strengthen and improve management practices of co-operative credit system.
- ii. To help building capacities of the personnel and elected representatives of the cooperative credit structure and other stakeholders in the state by providing quality training, research and related services.

### **28. Promotion of Subsidiaries**

The bank may promote need based subsidiaries on its own or in collaboration with other agencies, subject to the provisions of the relevant Acts/Rules in this regard.

## **29. General**

- i. Every member of the Board, officer or employee of the Bank shall be indemnified out of its funds for all costs, charges, travelling or other expenses, losses or liabilities incurred by him in the conduct of the business of the Bank or discharge of their duties and no member of the Board, Officer or employee of the Bank shall be held liable for joining in any receipt or other act for conformity's sake or for any loss or expenses happening to the Bank by insufficiency or deficiency of security upon which any money of the Bank shall be invested or for any loss or damage arising from the Bankruptcy, insolvency or tortuous act or any person with whom any moneys, securities or effects, shall be deposited and for any other loss or damage or misfortune whatsoever which shall happen in the execution of their office or in relation thereto, unless the same shall happen through their willful act of neglect or default.
- ii. The MD / CEO or any other officer or officers of the Bank, its branches, extension counters, sub or pay offices duly authorized by the Board shall have power for and on behalf of the Bank to sign, endorse and transfer promissory notes, Govt. securities, debentures and such other securities standing in the name of or held by the Bank to sign, endorse and negotiate cheques and other negotiable instruments on behalf of the Bank and jointly with another officer to operate on the accounts of the Bank, with other Banks and to sign all deposits, receipts and all other receipts as well as all accounts and other documents and vouchers connected with the business of the Bank.

## **30. Use of Premises**

The Bank shall not use or allow to be used any portion of its business premises for purposes other than its own business.

## **31. Miscellaneous**

In respect of items that are not covered under the Bye-laws, the provisions of the Act and guidelines of Central Government / Government/NABARD/RBI will be applicable.

..... **State Cooperative Apex Bank Ltd.,**

.....

**Declaration of Fidelity and Secrecy**

I do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as President/Chairperson/Vice-President/Vice-Chairperson/Director of the ..... State Cooperative Apex Bank Ltd., and which properly relate to the office or position held by me in the said bank.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled there to, any information relating to the affairs of the ..... State Cooperative Apex Bank Ltd., ..... or to the affairs of any person having any dealing with the said Bank nor shall I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the said Bank and relating to the business of the said Bank or the business of any person having any dealing with the said Bank.

Date:

Signature:

Name:

Representing .....

(CCB/Government/Institution)

## SOME IMPORTANT PUBLICATIONS OF NAFSCOB

55. Study of Organisational Set up, Staffing Pattern, Manpower Planning and Manpower Development in the Short Term Credit Structure in Nagaland (1999).
56. Study on Recovery of Overdues and Recycling of funds in Nagaland State Cooperative Bank (1999).
57. Concept and Computation of Prime Lending Rate by Cooperative Banks / **B. Subrahmanyam, N. N. Joshi, P. C. Vyas & B. Kanakasabai** (1999).
58. Report of the Working Group on Cooperative Credit & Banking Institutions - A Case of Utter Neglect (1999-2000).
59. National Conference on Strategies for Development of Primary Agricultural Credit Societies (PACS) - Observations & Suggestions (2000-2001).
60. A note on observations on the Recommendations of the Task Force to study the Cooperative Credit System and suggest measures for its strengthening (2000-2001).
61. Progress, Performance, Problems and Trends in Cooperative Credit and Banking Institutions / **B. Subrahmanyam** (2000-2001).
62. Statutory Reforms Need for Re-look into the Existing State and Multi-state Cooperative Societies Acts and Adoption of Essential Features of Model Act / **B. Subrahmanyam** (2000-2001).
63. Revitalisation of Non-viable/weak Cooperatives / **B. Subrahmanyam** (2000-2001).
64. Union Budget for the year 2001-2002 and its Implications on Cooperative Credit and Banking Institutions / **B. Subrahmanyam** (2000-2001).
65. Delaying of Cooperative Credit System : An Obstacle for Prosperity & Nation Building. / **B. Subrahmanyam** (2003 – 2004)
66. "The Banking Regulation Act (Amendment) & Miscellaneous Provision Bill, 2003–Views and Suggestions. / **Ashok Bandyopadhyay** (2003 – 2004)
67. Problems and Prospects of Cooperatives in the Backdrop of Economic / Financial Sector Reforms / **B. Subrahmanyam** (2003 – 2004)
68. Recommendations on the National Conference on "Rural Cooperative Credit and Banking Institutions : Vision 2020" - June 11-12, 2004.(2004-05)
69. Reforms Initiative : Vision for Autonomous and Competitive Cooperatives. / **B. Subrahmanyam** (2004-05)
70. Observation & Suggestions : National meet to discuss the Recommendations of the Task Force on "Revival of Cooperative Credit Institutions" set up by Govt. of India under the Chairmanship of Prof. A. Vaidyanathan (April 25, 2005) (2005-06)
71. Operational Manual for Cooperative Banks. (Four Volumes). (2005-06)
72. Strategies to Lend Short Term Farm Credit to Farmers at 7 percent - Committee Report - (2005-06)
73. Common Minimum Programme of UPA Government on Rural Cooperative Credit System: Yet to Implemented. / **K. R. Aravindakshan** (2006-07)
74. National Commission on Farmers on Credit and Cooperatives - A View Point. / **K. R. Aravindakshan** (2006-07)
75. Rationalisation on Interest Rate Structure for Cooperative Credit Institutions. / **B. Subrahmanyam** (2006-07)
76. Rural Cooperative Credit Institutions -Still allowed to be unhealthy. / **B. Subrahmanyam** (2006-07)
77. Hidden Giants of Global Cooperative Movement. / **B. Subrahmanyam** (2006-07)
78. Policy Environment & Regulatory Framework for Indian Rural Cooperative Credit Delivery System / **B. Subrahmanyam** (2007-08)
79. Short Term Cooperative Credit and Banking Structure in India - A SWOT Analysis / **B. Subrahmanyam** (2007-08)
80. Model Guidelines on Code of Standards and Fair Practices for SCBs and DCCBs (2008-09)
81. Socio-Economic and Banking Scenario in North Eastern Region - A Satus Paper / **B. Subrahmanyam** (2008-09)
82. Consolidation of Cooperative Banks: Necessary for Survival ? (An article in NAFSCOB Bulletin)/ **B. Subrahmanyam** (2008-09)
83. International Exchange Study Visit to Poland and Russia : A Draft Report / **B. Subrahmanyam** (2009 - 10)
84. International Education and Exposure Programme to New Zealand & Australia: A Draft Report / **B. Subrahmanyam** (2009 - 10)
85. Impact of Climate Change on Agriculture (An article in NAFSCOB Bulletin) / **B. Subrahmanyam** (2009 - 10)
86. 'UN International Year of Cooperatives -2012': Report of the visit to United Nations, USA/ **B. Subrahmanyam** (2010 - 11)
87. Report on Study Tour/Exchange Visit to XI' AN, Shaanxi Province, China/ **B. Subrahmanyam** (2010 - 11)
88. Cooperative Credit and Banking Institutions in India – Paper presented at Bari, Italy/ **B. Subrahmanyam** (2010 - 11)
89. KYC, AML & CFT Programme for State Cooperative Banks (2012).
90. Rural Cooperative Credit Delivery & Banking Institutions: Towards Building a Better World / **B. Subrahmanyam** (2012)
91. Indian Cooperative Banks and Global Financial Crisis / **B. Subrahmanyam** (2012)
92. Financial Inclusion and Regulatory Framework in Indian Cooperative Banks / **Bhima Subrahmanyam** (2013)
93. Short - Term Cooperative Credit Sector : Issues and Challenges / **Bhima Subrahmanyam** (2013)
94. NAFSCOB Journal Editorials - A Compendium - 1990 to 2013 (January 2014)
95. Union budgets v/s Credit Cooperatives - An Analysis - 1993 - 94 to 2013 - 14 (January 2014)
96. Executive Summary of Selected Publications of NAFSCOB (January 2014)
97. Role of Rural Cooperative Credit & Banking Institutes in Mitigating Agrarian Distress - **Bhima Subrahmanyam** (2015)
98. Model Risk Management Policy for State Cooperative Banks. (2015)
99. Model Information Security Policy of State Cooperative Banks (2015)
100. An Impact Assessment of Interest Subvention Scheme of GoI in STCCS (2016)
101. Roadmap to Enhance the Share of Cooperatives in Agricultural Credit - A Report of the Internal committee by NAFSCOB.
102. Report of the committee set up by NAFSCOB to formulate Human Resource Policy for PACS (2018).
103. Proceedings of National Seminar on 'Human Resource Policy for PACS: A Report of the Committee Set up by NAFSCOB' (December 2018)
104. Human Resource Policy for PACS – Operational Guidelines for Implementation (2019).
105. Report on Diagnostic Study on the Problems and Prosperous of Cooperative Societies of Assam and Nagaland (2019).
106. Report on 'A Study on Members' Indebtedness in Cooperatives'(2019).
107. Report on 'The Study of Short-Term Cooperative Credit Structure in North Eastern Region'(2019). IIBM
108. Report on the " Role of Rural Cooperative Credit Institutions for the Development of Scheduled Tribe Members in Tribal Areas" (2019).
109. Proceedings of National Seminar on "Future of Rural Cooperative Banks" (2021).
110. Study Report on Defunct PACS - Measures for their Revival - Special reference to Assam Meghalaya and Nagaland NER (2022) Assigned by MoC, GoI (2022)
111. Report on Need of Credit in Cooperative Sector, Constraints and Ways Ahead - Assigned by MoC (2022)
112. Need of Credit in Cooperative Sector, Constraints and Ways Ahead - Assigned by MoC, GoI (2022)
113. Report of the Special Study on Need of Credit in Cooperative Sector, Constraints and Ways Ahead & Defunct PACS and Measures for their Revival in North Eastern Region - Assigned by MoC, (2023)
114. National consultation with Rural Cooperative Banks on measures to Expand Business Growth During Amrit Kaal (2022-47) - 2023

# SHORT TERM COOPERATIVE CREDIT STRUCTURE

**NATIONAL FEDERATION OF STATE COOPERATIVE BANKS (NAFSCOB)**

**STATE COOPERATIVE BANKS**

**DISTRICT CENTRAL COOPERATIVE BANKS**

**PRIMARY  
AGRICULTURAL  
CREDIT  
SOCIETIES**

**FARMERS  
SERVICE  
SOCIETIES**

**LARGE SIZED  
ADIVASI  
MULTIPURPOSE  
SOCIETIES**

## STATISTICAL DETAILS

<b>PRIMARY SOCIETIES (PACS, FSS &amp; LAMPS) (31-03-2023)</b>	<b>DISTRICT CENTRAL COOPERATIVE BANKS (31-03-2023)</b>	<b>STATE COOPERATIVE BANKS (31-03-2023)</b>
1. NO.OF STY. : 106955	1. NO.OF DCCBs : 351	1. NO.OF SCBs : 33
2. MEMBERSHIP : 160379	2. NO.OF BRANCHES INCLUDING H.O. : 14120	2. NO.OF BRANCHES INCLUDING H.O. : 2210
3. OWNED FUNDS : 4856535	3. MEMBERSHIP: TOTAL : 6459688	3. MEMBERSHIP: TOTAL : 2652769
4. DEPOSITS : 19723884	COOPERATIVE : 768511	COOPERATIVE : 75442
5. BORROWINGS : 20132856	INDVL./GOI : 5691177	INDVL./GOI : 2577327
6. LOANS ADV. : 20049091	4. OWNED FUNDS : 6873662	4. OWNED FUNDS : 3270407
7. LOANS OUTS : 18884183	5. DEPOSITS : 41112723	5. DEPOSITS : 25217222
8. PERG.OF OVR TO DEMAND (%): 21.13	6. BORROWINGS : 13668126	6. BORROWINGS : 14978114
9. EMPLOYEES : 194815	7. LOANS ADV. : 33535511	7. LOANS ADV. : 21548931
10. BORROWERS : 49228	8. LOANS OUTS : 34769089	8. LOANS OUTS : 24914129
	9. PERG.OF OVR. TO DEMAND (%) : 20.94	9. PERG.OF OVR. TO DEMAND (%) : 9.76
	10. EMPLOYEES : 75887	10. EMPLOYEES : 16102

(MEMBERSHIP & BORROWERS IN THOUSANDS)

(AMOUNT IN LAKHS)

### MAIN FEATURES :

#### 1. PRIMARY AGRICULTURAL CREDIT SOCIETIES

- ..... ASSESMENT OF CREDIT NEEDS
- ..... DISBURSEMENT OF CREDIT TO MEMBERS
- ..... RECOVERY OF CREDIT
- ..... PROMOTE THE ECONOMIC INTERESTS OF THE MEMBERS

#### 2. DISTRICT CENTRAL COOPERATIVE BANKS

- ..... SERVE AS BALANCING CENTRE IN THE DISTRICT CENTRAL FINANCING AGENCIES
- ..... ORGANISE CREDIT TO PRIMARIES
- ..... CARRY OUT BANKING BUSINESS
- ..... SANCTION , MONITOR & CONTROL IMPLEMENTATION OF POLICIES

#### 3. STATE COOPERATIVE BANKS

- ..... SERVE AS BALANCING CENTRE IN THE STATE
- ..... ORGANISE PROVISION OF CREDIT FOR CREDIT WORTHY FARMERS
- ..... CARRY OUT BANKING BUSINESS
- ..... LEADER OF THE COOPERATIVES IN THE STATE

#### 4. NATIONAL FEDERATION OF STATE COOPERATIVE BANKS

- ..... PROVIDES A COMMON FORUM TO THE MEMBER BANKS
- ..... PROMOTES AND PROTECTS THE INTERESTS OF THE MEMBER BANKS
- ..... CO-ORDINATES AND LIAISON WITH GOVERNMENT OF INDIA ,RESERVE BANK OF INDIA, NATIONAL BANK AND OTHERS
- ..... PROVIDES RESEARCH AND CONSULTANCY INPUTS TO THE MEMBER BANKS
- ..... ORGANISES CONFERENCES/SEMINARS/WORKSHOPS/MEETINGS