



KAMCO BANK
Kashmir Mercantile Co-operative Bank

BY – LAW



KAMCO BANK
Kashmir Mercantile Cooperative Bank Ltd.
H.O: Tehsil Road Sopore -193201 Kashmir J&K
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BY - LAW

Registration No.	B&F/RCS/S-1/J&K Co-Op. Societies Act, 1960
Date of Registration:	15- 11- 1986
Licence No.	UBD.JK.851 P. Reserve Bank of India
Date of Licence:	25-02-1987
Date of opening:	01-10-1987

1. NAME

The Bank shall be called “Kashmir Mercantile Cooperative Bank Ltd. Sopore” with its short name as KAMCO Bank.

2. REGISTERED OFFICE:

The Registered Office of the bank shall be situated at Sopore (any change in address shall be notified to the Registering Authority within 30 days and also published in local news papers).

3. AREA OF OPERATION:

The area of operation of the Bank shall be the entire District Baramulla, District Bandipora and District Kupwara of the J&K State for any revision in this regard prior approval in writing of the Reserve Bank of India as also Registering Authority shall be necessary.

4. DEFINITIONS:

- i. The word ‘ACT’ and the word ‘RULES’ used in these By-Laws mean the Jammu & Kashmir Co-operative Societies Act, XXVIII of 1960 as amended from time to time and the Rules made there under respectively.
- ii. GOVERNMENT means the Government of Jammu & Kashmir.
- iii. REGISTRAR means the Registrar of Co-operative Societies, or the Registering Authority.
- iv. MEMBER means a person joining in an application for Registration of the Bank, or a person duly admitted to the membership of the Bank after registration and includes a nominal and associate member.
- v. NOMINAL means a person who has been admitted as a nominal member under Bye-Laws No. 10.
- vi. BANK means the Kashmir Mercantile Co-operative Bank Ltd. Sopore.
- vii. BY-LAW means the By-Law of the Kashmir Mercantile Co-operative Bank Ltd. Sopore.

- viii. CHIEF EXECUTIVE OFFICER means the Managing Director appointed by the Board of Directors with the concurrence of Registrar Cooperative Societies J&K. Any disciplinary action initiated against the Chief Executive Officer involving his suspension or removal from the post shall also be subject to the approval of Registrar Cooperative Societies J&K.
- ix. A PERSON means an adult individual, proprietary concerned partnership firm duly registered under the Indian partnership Act. 1932, company or any other body corporate constituted under the Law for the time being in force, except a Co-operative Society registered under the Co-operative Societies Act, other than the State Co-Operative Bank of the State concerned or C.C. Bank of the District concerned Society Registered under the Societies Registration Act, for the time being in force for Registration of Such trusts.

5. OBJECTS:

- i. To encourage thrift, self-help and Cooperation among members.
- ii. To accept deposits of money from the public, repayable on demand or otherwise and withdrawable by cheques, drafts, order or otherwise for the purpose of lending or investment.
- iii. To borrow or raise money.
- iv. To lend or to advance money either upon or without security to members.
- v. To draw, make, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, certificates scripts and other instruments and other securities whether transferable or negotiable or not.
- vi. To grant and to issue letters of credit, travelers cheques and circular notes.
- vii. To buy and to sell foreign exchange including foreign bank notes.

- viii. To acquire, to hold, to issue on commission, to underwrite and to deal in stocks, funds, shares, debentures, debenture stock. Bonds, obligations, securities and investment of all kinds.
- ix. To purchase and to sell bonds, scrips or other forms of securities on behalf of constituents.
- x. To receive all kinds of bonds, scrips, valuables on deposits or for safe custody or otherwise.
- xi. To provide safe deposit valves.
- xii. To collect transmit money and securities.
- xiii. To negotiate loans and advances.
- xiv. To carry on and transact every kind of guarantee and indemnity business on behalf of constituents.
- xv. To affect, to insure, to guarantee, to underwrite, to participate in managing and carrying out any issue, public or private of state municipal or other loans or of shares, stocks, debentures, debenture stock of any company, Cooperative society, corporation or association and to lend money for the purpose of any such issue.
- xvi. To acquire, to construct, to maintain and to alter any building or works necessary or convenient for the purpose of the bank.
- xvii. To manage, to sell and to realize any property that may come into the possession of the bank in satisfaction or part satisfaction of any of its claims.
- xviii. To open branches and pay offices within and outside the State of J&K with the permission of the Registrar Cooperative Societies and the Reserve Bank of India so as to provide banking services to the public.
- xix. To acquire, to manage and to undertake the whole or part of businesses of any Cooperative Society.
- xx. To establish, to support, or to aid in establishment and support of association, institutions, funds trusts and conveniences calculated

to benefit members, employees/ ex. Employees of the bank or the dependents or connexions of such persons and to grant pensions.

- xxi. To prepare and to finance schemes for amelioration of the financial condition of members.
- xxii. To provide financial and technical assistance to self-employed persons for setting up of their own business.
- xxiii. To enter into participation arrangement/ arrangements with other banks or financial institutions with the object of making loans and advances.
- xxiv. To do any other form of business as specified in clause (1) of section 6 of the Banking Regulation Act 1940 (As applicable to Co-operative Societies).
- xxv. To do all such other things as are incidental and conducive for the promotion or advancement of these objects and of the business of the Bank.
- xxvi. To undertake any other form of business which the Central Govt. may specify as a form of business in which it is lawful for a Co-operative Banking institution to engage.

6. FUNDS :

Funds may be raised by the following means:

- i) Shares.
- ii) Entrance Fee.
- iii) Subscription.
- iv) Deposits.
- v) Loan, Cash Credits, Overdrafts and advances.
- vi) Donations, grants and subsidies.

7. MAXIMUM BORROWING POWER :

The maximum borrowing power of the Bank shall not exceed 25 times of the paid-up Share Capital and Reserves minus the Bad debt reserve and accumulated losses.

8. SHARES :

The authorized Share Capital of the Bank shall be Rs.5.00 Crore made up of "A" Class shares of Rs. 25/- each and "B" Class shares of Rs.1000 each, which should be paid in full on application. "A" class shares shall be open to the individuals who may be enrolled as members in the Bank and "B" class shares shall be open to the State Govt. and other corporate bodies including the Cooperative banks. The authorized share capital may be increased from time to time by General Body/ Board Resolution subject to approval of the Registering Authority.

9. MEMBERS :

- a) An Individual may be admitted as a member if he is an adult, competent to contract and resides within the area of operation of the Bank or is gainfully engaged in any occupation in the area, provided that he is not a member of any other Primary Cooperative Bank or a Cooperative Credit Society.
- b) Any other person as defined under By-Law 4 (IX) having its registered office within the area of operation of the Bank and conducting business within such area may also be admitted as a member, provided that: -
 - i) The individual or person is not a member of any other primary Cooperative credit society.
 - ii) The individual or any partner of a partnership firm is not convicted of any criminal offence involving moral turpitude.
 - iii) The individual or the person is not engaged in a business competing with or conflicting with the business of the Bank.
 - iv) The individual is not an employee of the Bank.
 - v) The individual or the person has subscribed to and fully paid for at least one share of the Bank and his application has been duly approved by the Board of Directors.
- c) Government of Jammu & Kashmir.
- d) The Jammu & Kashmir State Cooperative Bank Ltd.
- e) The Baramulla Central Cooperative Bank Ltd. Baramulla.

No right of membership shall be exercisable until a person has made such payments to the bank in respect of membership or acquired such interest in the bank as may be prescribed by the Act or Rules or the By-Law.

10. NOMINAL MEMBERS :

- i) Any person who is Co-partner or who desires to stand surety for a borrowing member of the Bank or who desired to borrow occasionally for a temporary period against certain tangible securities such as gold and silver ornaments, fixed deposit receipts, life insurance policies and Government and other trustee, securities may be enrolled as a nominal member upon his application in prescribed form on payment of Rs.10.00 as non-refundable entrance fee provided he/ She resides or is gainfully engaged in any occupation within the area of operation of the Bank.
- ii) The nominal member shall not be entitled: -
 - a) To receive a share certificate.
 - b) To receive audited accounts and annual report.
 - c) To attend, to participate and to vote in the General meeting and/or special General meeting of the bank, and
 - d) To receive dividend.
- iii) A cooperative Society registered under any law shall not be eligible and as such shall not be admitted to nominal membership in terms of the provisions of this By-Law.

11. JOINT SHARE HOLDERS :

Shares may be purchased in the names of more than one person jointly.

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

stand next, and likewise in the absence or preceding persons the person whose name is next on the share certificate, who is present and who is not a minor, shall have the right to vote.

12. SHARE CERTIFICATE:

Every person admitted as member shall be entitled to receive a share certificate gratis stating the number of shares and their distinctive number/s. the share certificate shall be signed by the Chairman or the Chief Executive Officer. The share certificate shall bear the Bank's seal.

13. TRANSFER OF SHARES :

- i) A member may transfer his share or shares after holding them for not less than one year to any persons duly approved by the Board of Directors. The transfer is not complete until the name of the transferee has been duly entered in the register of members and the transfer fee of Rs. 2/- per share is paid.
- ii) If any certificate is torn out, defaced, destroyed or lost a new share certificate/s may be issued in lieu thereof on payment of a fee of Rs. 2/- per share. It shall however be necessary to produce evidence, to the satisfaction of the Board of Directors that the share certificates were worn out, defaced, destroyed or lost, or in absence of such evidence, an indemnity be sought as the Board of Directors may deem sufficient.

14. REGISTRATION, CESSATION & EXPLANATION OF MEMBER

- i) A member may resign his membership and withdraw his capital with the approval of Board of Directors, the approval shall not be given while such a member is indebted and within five (5) years of his becoming a member of the bank. During any Co-operative year, the aggregate withdrawals should not exceed ten (10)percent of the total paid up share capital as at 30th June of the preceding year provided the real or exchangeable value of paid up share capital and reserves does not stand reduced to less than Rs.1.50 lakh as per section 11(i) of the Banking Regulation Act. 1949, (As Applicable to Co-operative Societies) as a result of such withdrawals.

- ii) Membership will cease.
 - a) On death or dissolution or liquidation in case of firm, or company, or other corporate body.
 - b) On being adjudged as insolvent or legally disabled from continuing as member.
 - c) On breach of any conditions prescribed under By-Law No. 09.
 - d) On transfer of all the shares.
 - e) On resignation or withdrawal of membership having been accepted.
- iii) A share holder member may be expelled as provided in co-operative Societies Act. 1960 Section 16 read with Cooperative Societies Rules Section 7. Shares held by an expelled member are liable to be forfeited transfer of shares may be declined to a share holder member:-
 - a) If the member is indebted or is liable as surety for another member who is indebted to the Bank.
 - b) If the transferee does not fulfill the conditions prescribed under By-Law (9).
 - c) If the member does not want to transfer all the shares held by him.

15. NOMINATION:

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

Nomination can be revoked and fresh nomination made any number of times after due intimation in writing to the bank and on payment of prescribed fee of Rupees one for every subsequent nomination.

16. DEATH OF SHARE HOLDER:

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

shares and dividend together with amounts due to him on account of deposits and interest thereon or on any other account less the amounts due by him to the Bank.

17. LIABILITY OF A MEMBER:

The liability of a share holder shall be limited to the capital represented by the share or shares of which such share holder is the registered share holder. The liability of a past share holder, to the extent of shares as they existed at the time when they ceased to be share holder, shall continue for a period of two years from the date of cessation. The estate of the deceased share holder shall/ remain liable to the extent of sums due for a period of two years.

18. LIEN ON SHARES, DIVIDENDS & DEPOSITS:

The bank shall have the first and paramount lien or charge upon all the shares, dividends and deposits of any member or past member for all moneys due from him to the Bank from time to time. The bank may at any time set off any sum credited by or payable to the member or past member towards payment of any liability of such member or past member.

19. GENERAL BODY:

- i) Subject to the provisions of the Act and Rules, the final authority of the bank shall vest in the General body.
- ii) General Meetings shall be of two kinds viz Annual General Meeting and Special General Meeting.
- iii) The Annual General Meeting shall be called on or before 30th September each year or within such period as extended by the Registrar.
- iv) The Special General Meeting may be called at any time by the Board of Directors. It shall also be called on a written requisition made to the Chairman of the Board of Directors by 100 Share Holders or one-fifth of the Share holder whichever number is smaller or a requisition from the Registrar of Co-operative Societies.

20. BUSINESS OF THE ANNUAL GENERAL MEETING :

The business of the Annual General Meeting shall be as under:-

- i) To consider the Board of Directors report on the working of the Bank for the preceding year, together with the audited statements including the Balance Sheet and Profit & Loss account for the year.
- ii) To sanction, distribution of profits and to declare dividend at a rate not exceeding the rate recommended by the Board of Directors and prescribed under the Jammu & Kashmir Co-operative Societies Act and Rules.
- iii) To consider communications from Registrar and/ or Auditor relating to the Annual audit of the Bank.
- iv) To appoint duly qualified auditors, if necessary for the ensuing year for conducting Statutory Audit and fix their remuneration.
- v) To elect the member of Board of Directors.
- vi) To fix the maximum limit up to which the Board of Directors may raise funds.
- vii) To consider any other subject of which proper notice has been given as prescribed with the permission of two-third of the members present at the Annual General Meeting any member may bring forward any subject which is not included in the agenda provided that the subject put forwarded does not relate to expulsion of a member or amendment to Bank's By-Laws or reconsideration of a subject within six months.

21. BUSINESS OF SPECIAL GENERAL MEETING

The business of Special General Meeting shall be the business as stated in the notice only. No other business shall be transacted.

22. NOTICE OF ANNUAL GENERAL MEETING AND SPECIAL GENERAL MEETING:

- i) Notice of Annual General Meeting together with the agenda of the meeting, audited statements of accounts including the Balance sheet and the profit and loss account and the report of the Board of Directors shall be sent to the Registered address of each share holder member at least 15 days prior to the date of the meeting.
- ii) A special General Meeting must be convened within 30 days of receipt of requisition from members or from Registrar of Co-operative Societies. Notice calling the meeting shall disclose the business contained in the notice of requisition and shall form the only agenda for the meeting.

Notice shall be sent to registered address of each share holder member at least 15 days prior to the date of the meeting.

- iii) Notice of the Annual General Meeting shall state the place, date and time of the meeting. It shall also state the place, date and time of holding of the adjourned meeting should it be necessary to adjourn in the absence of the quorum.
- iv) Non-receipt of notice by share holder members shall not be a valid ground for postponing or adjourning the Annual General Meeting.
- v) Notice of the meeting shall be signed by the Chief Executive Officer of the bank.

23. QUORUM

Thirty members or one fifth of the total number of the share holder members whichever is less, shall constitute a quorum for a General Meeting. No business shall be transacted at any meeting unless the quorum of members is present.

24. ADJOURNMENT OF AN ANNUAL GENERAL MEETING AND DISSOLUTION OF A SPECIAL GENERAL MEETING

- i. In the absence of quorum within half an hour after the time appointed for holding of a General Meeting, the meeting shall stand adjourned to the date stated in the notice of the meeting.
- ii. In the absence of the quorum, within the time fixed for holding an adjourned General Meeting, the share holder members present and entitled to vote shall form the quorum.
- iii. No business other than that business for which General Meeting was called shall be transacted at an adjourned meeting.
- iv. If within half an hour after the time appointed for holding a Special General Meeting, convened on requisitioned by share hour members, a quorum is not present the meeting shall be dissolved.

25. CHAIRMAN OF GENERAL MEETING

The Chairman of the Board of Directors shall preside over the General meeting. In his absence, the Vice Chairman and in the absence of both the share holder members present and entitled to vote shall elect one from amongst them to preside over the meeting.

26. VOTING RIGHTS.

- I. Every share holder member shall have one vote irrespective of the number of shares held. However, the exercise of voting right shall be subject to such stipulations/ conditions as may be prescribed under Rules framed under the Cooperative Societies Act.
- II. Individual share holder members shall vote in person, while a firm or a company or any other body corporate constituted under any law for the time being in force, or Government which is a share holder member may appoint one of its partners, Directors or Officers to participate in the meeting and to exercise the right of vote.
- III. The Chairman presiding over the meeting shall have a casting vote, In case there is equality of votes for or against any resolution.
- IV. In case a Shareholder member becomes a defaulter in repayment of any loan sought from the Bank, whether as borrower or as a surety/ guarantor of a borrower such share holder member shall be debarred from exercising the right of vote or contesting election to the managing Committee/ Board of the Bank.

27. RESOLUTIONS

- i- Resolutions shall be carried by majority of votes and the vote shall be taken by show of hands unless a share holder member demands a ballot in which case a ballot shall be taken forthwith.
- ii- Unless specifically directed in this behalf by the Registrar, no resolution concerning.
 - a) Election of an office bearer and or
 - b) Resolution passed in the previous General body meeting can be placed before a General Meeting for reconsideration unless six clear months have elapsed from the date the original resolution was passed.

28. MINUTES

- i- Minutes of the General Meeting shall be made in the minute book provided for the purpose.
- ii- Minutes of a meeting shall stand confirmed as soon as the same are signed by the chairman who presided over the meeting.

29. BOARD OF DIRECTORS.

- i- The Board of Directors shall consist of 5 (Five) Directors to be elected from amongst the individual share holders. Besides the elected Directors, one Director shall be the Govt. nominee to be nominated by the competent authority as per the provisions of the Cooperative Societies Act for the time being in force. The Board shall be competent to co-opt one Director either from RBI or State Cooperative Bank/ Central Cooperative Bank Baramulla.
- ii- In the event of the state Govt. contribution to share capital of the bank, it shall be entitled to nominate not more than one third or three Directors on the Board of Directors of the bank, whichever number is less.
- iii- In addition to elected and nominated directors the board of directors may if it so desires co-opt not more than two directors from among persons connected with small scale and cottage industries economists, financial and banking experts and experienced cooperators residing in the area of operation of the bank such directors however, shall not be entitled to vote at the meeting of the Board of Directors.
- iv- At the end of the each coop. year one third of the elected Directors shall retire from office by rotation for the purpose of fixing the rotation lots will be drawn for the first two years.
- v- A retiring director shall be eligible for re-election.
- vi- The expert directors as referred to in clause (iii) above may be co-opted every year.

30. CHAIRMAN & VICE CHAIRMAN OF THE BOARD OF DIRECTORS

- i- The Board of Directors at its first meeting after the Annual General Meeting shall elect a Chairman and vice Chairman for the year among the elected directors. This meeting shall be held within thirty days from the date of the Annual General meeting. The Chairman shall preside over all meetings of the board and also over the Annual General Body meeting and Special General meeting when such meetings are called for.
In the absence of the chairman, the vice-Chairman shall preside over the meeting and in the absence of both the Chairman and the vice-Chairman the directors shall elect the Chairman for the meeting from among those present.

- ii- The Chairman of a meeting shall have a casting vote.
- iii- The Chairman and the vice Chairman shall hold office for one year. They shall be eligible for re-election.

31. ELIGIBILITY FOR ELECTION AS DIRECTOR.

A share holder member shall not be eligible to be elected as a director unless he is a share holder member of the bank for at least two continuous years prior to the date of election and should have maintained a deposit account with the bank for a continuous period of 2 years with a credit balance of not less than Rs500/-

32. VACATION OF OFFICE BY A DIRECTOR.

A Director shall be deemed to have vacated his office before the expiry of his term if:

- i- He becomes a defaulter either a borrower or as a surety.
- ii- He resigns and his resignation is accepted and he ceases to be a member.
- iii- He remains absent for three consecutive meetings of the board without obtaining leave of absence.
- iv- He is adjudged as insolvent or incurs legal disability.
- v- He accepts a position of profit in the bank.

33. VACANCY IN THE BOARD OF DIRECTORS.

Vacancies in the Board of Directors occurring through death, removal, resignation or any other reason, shall be filled by the remaining directors by co-option from amongst the share holders who have been members for at least for two continuous years as on the date of co-option. Such director shall hold office till the time of the next election.

34. MEETING OF THE BOARD OF DIRECTORS AND NOTICE OF THE MEETING.

The board shall meet as often as is necessary to transact business, but it shall meet at least once a month, notice of the meeting of Board of Directors together with the Agenda of the meeting and detailed notes thereon shall be sent to all the directors at least eight days prior to the date of the meeting.

35. QUORUM

Five directors shall form the quorum.

36. POWER OF THE BOARD OF DIRECTORS.

- i- To consider applications for membership, allotment transfer of shares and resignation.
- ii- To raise with or without security loans overdrafts and cash credit within the maximum limit of borrowing fixed by the General body of the bank and to approve the terms and conditions of such borrowings.
- iii- To approve the Annual Balance sheet, profit and loss account and other financial statements for being placed before the members at the Annual General Meeting.
- iv- To consider applications for loans and advances and discounting of bills and to determine the terms and conditions thereof.
- v- To enter into participation arrangements with a commercial or cooperative bank and financial corporation for the purpose of loans and advances and to determine the terms and conditions of participation. The power shall not be delegated to any committee office bearer or officer.
- vi- To consider case of arrears and defaults of loans, overdrafts advances and cash credits due from constituents and approve the action to be taken for recovery of the same.
- vii- To consider the proposal to modify, alter, delete and add to the terms and conditions governing the outstanding loans, overdrafts, cash credits and advances due from constituents.
- viii- To approve investment of monies belonging to the bank in Govt. and other trustee securities deposits and other approved securities.
- ix- To approve purchase sale or pledge of Govt. and trustee securities and other approved securities on behalf of the bank and to delegate jointly to any one of the Directors and the Chief Executive Officer powers for the purpose of purchase sale or pledge of Govt. and other approved Securities as the case may be.
- x- To consider proposals for opening of branches.
- xi- To fix the rate of interest on loans and deposits.

- xii- To refer any dispute by or against the bank to the Registrar or any other officer duly appointed for this purpose.
- xiii- To institute, defend, conduct, compromise, abandon or withdraw any legal proceedings by or against the bank or the Board or its officers or employees
- xiv- To approve appointment of brokers and agents and fix their remuneration.
- xv- To consider proposals for creating posts of officers and junior and other staff on the banks establishment and to frame service rules governing services of its employees envisaging among other things, the procedure for filling the vacancies either by direct recruitment or by promotion from the existing members of staff and fix their qualifications, scale of pay and other allowances
- xvi- To appoint a Chief Executive Officer for efficient conduct of banks business and to fix his remuneration and to frame rules governing the disciplinary action against erring employee, including the Chief Executive Officer of the bank.
- xvii- To appoint the staff committee every year consisting of the Chairman the Chief Executive Officer and 3 other directors for disposal of all matters concerning the paid staff of the bank such as selection, appointment, promotions , training disciplinary action and punishment.
- xviii- To consider payment of compensation, advance rent or long term advance with or without security for the purpose of securing premises for the banks officers on lease or tenancy basis.
- xix- To prepare annual budget estimates within which the Chief Executive Officer may incur expenditure for proper and efficient working of the bank.
- xx- To accept deposits of all kinds and types.
- xxi- The Board of Directors may appoint a sub-committee or committees and a branch committee or committees constituting of not more than five directors including the Chairman and depute to any such committee such powers as it may deem fit the chairman of the board of directors shall be the chairman and Chief Executive Officer shall be the exofficio member of such committee or committees appointed by the board.
- xxii- To arrange for election of directors of the board.

- xxiii- To open banking accounts with any bank or financial institution and to authorize officers of the bank to deal with the same.
- xxiv- To fill in, by co-option, casual vacancies occurring in the board of directors and also to co-opt expert directors.
- xxv- To secure membership of or affiliation to appropriate institutions.
- xxvi- To establish and support the provident fund scheme for the benefit of the staff.
- xxvii- To nominate representatives of the bank on the various committees General Body Meetings whenever necessary and for attending conferences, seminars etc.
- xxviii- To make alter, rescind or abrogate the rules from time to time regarding the following.
 - a- Deposits of all kinds and types.
 - b- Traveling allowance of directors and salaries of staff.
 - c- Provident fund bonus and gratuity.
 - d- Service rules
 - e- Election rules.

The approval of the general body of Share holders be obtained in respect of election rules.

To perform all acts connected with the administration of the bank and to undertake all activities and business in furtherance of the aims and objects of the bank.

37. All acts done in good faith by the board of directors or any person acting as a member of the board shall not with standing that it is after wards discovered that there was some defect in the appointment of such board or person be as valid as if the board or every such person has been duly appointed.

38. MINUTES.

The minutes of the meetings of the Board of Directors, the Committee or sub Committees shall be recorded in the Minutes Book, the pages of which shall be duly numbered. The minutes shall be signed by the Chairman of the meeting and the Chief Executive Officer of the bank.

39. CHAIRMAN.

The powers and duties of the chairman shall be:

- i- To preside over the General Meetings of the Board of Directors, Sub-Committees and meetings of any other committee.

40. CHIEF EXECUTIVE OFFICER:

The powers and duties of the Chief Executive Officer who will be responsible to the Board of Directors will be as under:-

- i- To take action on the resolution and decisions taken by the General body and Board of Directors.
- ii- To convene the meetings of the General Body. Board of Directors, sub-committees, staff committee or any other committee and to attend and record the minutes of all meetings in the minutes book and to counter sign the same along with the Chairman of the meeting.
- iii- To conduct the correspondence on behalf of the bank.
- iv- To maintain all books of accounts, registers and ledgers as may have been prescribed under the Co-op Societies Act, rules and by laws.
- v- To receive applications for membership of the bank and for additional shares and places them before the board of directors with his report and recommendations.
- vi- To receive application for enrolment of nominal members and pass orders thereon.
- vii- To receive applications for loans and to place them for consideration before the board of directors together with a detailed report containing his specifies comments recommendations.
- viii- To accept deposits of all kinds and types and to arrange for issue of receipts, statements and pass books.
- ix- To disburse money on behalf of the bank.
- x- To be the custodian of cash in hand , property both moveable and immovable, documents , securities and bonds.
- xi- To seek orders from staff committee for appointment of staff subordinate to him with the sanctioned strength on such scales of pay and allowances as may have been sanctioned by Board of Directors from time to time.
- xii- To allot work amongst the banks staff and supervise their work.

- xiii- To take disciplinary action against the banks staff in accordance with the service rules.
- xiv- To issue orders of transfer of staff whenever necessary.
- xv- To pass orders on leave applications, traveling allowances bills, medical bills and other permissible bills of the staff.
- xvi- To issue orders of transfer of staff whenever necessary.
- xvii- To incur expenditure within the budget approved by the Board of Directors.
- xviii- To arrange for investment of moneys and place information before the Board of Directors in their next meeting.
- xix- To exercise such other powers and discharge such other duties as may be delegated or entrusted to him by the Board of Directors or by the Chairman.
- xx- To sanction loans up to Rs5000/- against pledge of approved securities excluding immovable property. He shall however, place a statement of such loans sanctioned before the next meeting of the Board of Directors.
- xxi- To supervise the General working of the bank.

41. LOANS AND ADVANCE

- 1- Loans, cash credits and or overdrafts in current accounts may be granted to members on security or securities mentioned below or other securities approved by the Board of Directors or without security, subject to the directions issued by the R.B.I from time to time relating to the loans and advances of the bank.
 - i- Personal security and /or surety/ sureties of other member/ members.
 - ii- Collateral security of movable and immovable property.
 - iii- Industrial, mercantile, agricultural and other marketable commodities or machinery under pledge hypothecation or charge of the bank.
 - iv- Pledge of Government, trustee securities, share of approved companies debentures and fixed deposits with the bank.
 - v- Insurance policies assigned to the bank within the surrender value
 - vi- Warehouse receipts.
 - vii- Gold and silver ornaments.

- viii- Any other tangible security.
- ix- The board may frame detailed loan regulations prescribing proportion of unsecured loans to total loans and advances. Proper terms and conditions and the nature of securities acceptable for loans and advances for different purposes.

2- Short term loans will be for periods up to 15 months, medium term loans for 15 months to 5 years and long term loans over 5 years.

42. LINKING OF SHARE HOLDING WITH LOAN LIMITS

- a) Borrower should hold 5 percent of his borrowing if such borrowing are on an unsecured basis i,e in the form of clean over drafts, loans against one or two personal securities and purchase discount of clean bills and cheques.
- b) A borrower against tangible securities should hold shares of the bank to the extent of at 2.5% of his borrowing from the bank.
- c) In the case of loans for small scale industrial units, granted on secured basis, the linking of share capital might be fixed initially at one percent of the borrowings to be raised in the course of the next two years to 2.5%. The total amount of share capital held by a member will however have to be within the limits laid down under the Co-Op. Societies Act.

43. DEPOSITS

- i- Deposits may be received at any time within the limits determined under the Cooperative Societies Act and Rules on such rates of interest and subject to such rules and regulations as may be fixed by the Board of Directors and also subject to the directives issued by the Reserve Bank of India in this behalf from time to time.
- ii- Deposits may be received on Current, Saving, fixed, recurring cumulative or under any other special schemes.

44. APPROPRIATION OF PROFITS.

1. The net profit of the bank shall be calculated as per the provisions of the Cooperatives Societies Act and rules.
2. The General body on the recommendation of the Board of Directors may appropriate the net profit as under:-

- a) To carry not less than 25 percent to the statutory reserve fund or such other higher proportion as is prescribed under the Co-op. Societies Act and Rules.
- b) To pay to share holder members dividend not exceeding 9 percent subject to the maximum limit as permitted under the Cooperative Societies Act.
- c) To carry not less than 12.5 percent to Bad Debt Reserves.
- d) To carry to the building fund, dividend equalization fund and any other fund created by the bank such amounts as per the directions of the General Body Meeting. The balance if any after appropriation as above shall be carried over to the next year.

45. RESERVE FUND

- I. In addition to the sum prescribed under the Coop. Societies Act and by law, all admission fee, nominal membership fee, amount of forfeited shares and dividends and donations shall be carried to the Reserve fund.
- II. Any loss occurring as the net result of the years working may with the previous sanction of the Registrar , be made good from the Reserve fund or from the profits of the next ensuing year or years.
- III. The Reserve fund shall be separately invested in Government and trustee securities or other approved securities or in fixed deposits with the District Central Co-op Bank or the J&K State Coop. Bank.

46. DIVIDENDS

- I. The dividend shall be paid to the person whose name stands as the registered share holder in the books of the Bank on the last day of the Cooperative year to which the dividend relates.
- II. Dividend shall be proportionate to the amount paid on shares and the period in those months for which the amount stood to the credit of the share holder.
- III. Dividend shall be payable at par at the Bank's Head office as well as the branches.
- IV. Any Dividend remaining un-drawn for three years after having been declared shall be foreited and shall be carried to the Reserve Fund of Bank.
- V. Un-paid dividend shall be payable on the application provided the same has not been forfeited.

47. ACCOUNTS AND RECORDS.

Accounts and records shall be maintained in forms prescribed or approved by the Registrar and the Reserve Bank of India with such additions as the Board of Directors may consider necessary. Any member of the bank may inspect any of the Registers or records during office hours in so far as they relate to his own business transactions.

48. AUDIT

The accounts of the Bank shall be audited by an auditor appointed by the Registrar Cooperatives or the Board of the bank.

49. SEAL

The bank shall have common seal which will remain in the custody of Chief Executive Officer and shall be affixed in the presence of a Director and the Chief Executive as per a specific resolution of the Board of Directors.

50. AMENDMENT TO BY-LAWS

- a) None of these by laws shall be added, amended, altered or rescinded, except by a vote of majority consisting of not less than two third of the members present and voting at a General Meeting.
- b) Any addition, amendment, alteration or rescission resolved upon at such meeting shall take effect from the date of receipt of the Registrar's approval in writing.

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