

THE KOTTARAKARA CO-OPERATIVE URBAN BANK LTD.
NO.1909
KOTTARAKARA

BYE - LAWS OF THE KOTTARAKARA CO-OPERATIVE URBAN BANK LTD NO.1909
KOTTARAKARA
(Established in 1971)

1. NAME

The bank shall be called The Kottarakara Co-operative Urban Bank Limited No.1909, Kottarakara.

2. REGISTERED OFFICE

The registered office of the bank shall be situated at **Kottarakara** (Any change in address shall be notified to the Registrar of the Co-operative Societies within 30 days and also published in local newspapers.

3. AREA OF OPERATION

The area of operation of the bank shall be confined to the Revenue Taluk of Kottarakara. For any revision in this regard prior approval in writing of the Reserve Bank of India and also the registering authority shall be necessary.

4. DEFINITIONS

The word 'Act' and the word 'Rules' used in these Bye-laws mean The Kerala Co-operative Societies Act XXI of 1969 as amended from time to time and the Rules made there under, respectively.

- (ii) '**Government**' means the Government of Kerala.
- (iii) '**Registrar**' means the Registrar of Co-operative Societies , Kerala.
- (iv) '**Member**' means a person joining in the 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**' member means a person who has been admitted as a nominal member under byelaws No.10.
- (vi) '**Bank**' means The Kottarakara Co operative Urban Bank Ltd No:1909,Kottarakara
- (vii) '**Byelaws**' means the Bye-laws of The Kottarakara Co-operative Urban Bank Ltd No.1909,Kottarakara.
- (viii) '**Chief Executive Officer**' means the Managing Director appointed by the Board of Directors. If a Managing Director is not appointed then the General Manager or Manager or Secretary appointed by the Board of Directors of the Bank will be the Chief Executive Officer.
- (ix) '**A Person**' means an adult individual proprietary concern, partnership firm duly registered under the **Indian Partnership Act 1932**, company or any other body incorporated constituted under the law for the time being in force, society registered under the Societies Registration Act of 1960, State Government and Public Trust registered under any 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 Central Co-operative Bank of the district concerned.
- (x) '**Year**' means the period commencing on the first day of April of any year and

ending with 31st day of March of the succeeding year.

5.OBJECTS

- (i) To encourage thrift, self-help and co-operation among members.
- (ii) To accept deposits of money from the public, repayable on demand or otherwise and withdraw by cheque, draft, 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 and others as permitted by the Registrar.
- (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, travellers cheques and circular notes.
- (vii) To acquire, to hold, to issue on commission, to underwrite and to deal in stocks, funds, shares, debentures, debenture stock, bonds, mutual funds, obligations, securities, deposit with small finance banks, commercial banks and investments of all kinds as per circular of Registrar of Co operative Societies and Reserve Bank of India.
- (viii) To purchase and to sell bonds, scripts or other forms of securities on behalf of constituents.
- (ix) To receive all kinds of bonds, scripts, valuables on deposit or safe custody or otherwise.
- (x) To provide safe deposit vaults.
- (xi) To collect and transmit money and securities.
- (xii) To negotiate loans and advances.
- (xiii) To carry on and to transact every kind of guarantee and indemnity business on behalf of constituents.
- (xiv) To effect 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, Co-operative Society, Corporation or Association and to lend money for the purpose of any such issue.
- (xv) To acquire, to construct, to maintain and to alter any buildings or works necessary or convenient for the purpose of the bank.
- (xvi) To manage, to sell and to realize any property which may come in to the possession of the Bank in satisfaction or part satisfaction of its claims.
- (xvii) To open branches and pay office, with the permission of the Registrar and the Reserve Bank of India within the area of operation of the bank so as to provide banking services to the public.
- (xviii) To establish, to support or to aid in establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit members, employees/ex-employees of the bank or the dependents or connections of such persons and to grant pensions.
- (xix) To prepare and to finance scheme for amelioration of the financial condition of members.
- (xx) To provide financial and technical assistance to self employed person for setting up their own business.

- (xxi) To enter into participation arrangements / arrangements with any other bank or banks or financial institutions with the object of making loans and advances.
- (xxii) To do any other forms of business as specified in clause (1) of section 6 of the Banking Regulation Act 1949 (as applicable to Co-operative Societies).
- (xxiii) To do all such other things as are incidental and conducive to the promotion or advancement of these objects and of the business of the bank.
- (xxiv) To undertake any other forms of business which the central or state government may specify as a form of business in which it is law full for a co-operative banking institution to engage.

6.FUNDS

Fund may be raised by the following means:

- (i) Shares .
- (ii) Entrance fee @ Rs 1/- per share subjects to a maximum of Rs.5 per member.
- (iii) Subscription.
- (iv) Deposits.
- (v) Loans, cash credits, overdrafts and advances.
- (vi) Donation, Grants and subsidies
- (vii) Any other means approved by the Registrar.

7.MAXIMUM BORROWING POWER

The maximum borrowing power of the bank shall be 100 times of the paid up share capital and reserves minus the bad debts reserve and accumulated losses.

8.SHARES

The authorized capital of the bank for the present shall be Rs 20 crore made up of the following types of shares .

*7980000 A class shares of Rs 25 each.	Rs 199500000/-
*500 B class shares of Rs 1000 each State Government. And other Body or Persons Approved by the Government.	
*500x1000	<u>Rs 500000/-</u>
	<u>Rs 200000000/-</u>

AMENDED

No member shall hold more than such portion of the total share capital of the bank not exceeding 1/5th thereof as may be prescribed.

9.MEMBERS

The existing members will be allowed time till the date of convening the next general body to remit difference between the above value and the existing value of the shares held by them. No persons shall be admitted as a member of the bank except the following namely.

- (i) Who has attained the age of 18 years.
- (ii) Who is not of unsound mind.
- (iii) Who is a resident within or is carrying on his profession within the area of operation of the bank.
- (iv) Who is not a member of any primary co-operative bank or co-operative credit society.

The membership of the bank shall be opened to:

- (a) Individuals residing or having landed property or carry his/her profession within the area of operation of the bank.
- (b) Any other person as defined under byelaw 4 (ix) having its registered office within the area of operation of the bank admitted as a member, provided that.
 - (i) The individual or person is not a member of any other primary co-operative bank or a co-operative bank 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 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 fully approved by the Board of Directors.
- (c) Government of Kerala.
- (d) The Kerala State Co-operative Bank Ltd.
- (e) The Kollam District Co-operative Bank Ltd.
- (f) Any body or persons, whether incorporate or not and whether or not established by or under any law, if such body is approved by the Government in this behalf by general or special order.

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

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 desires to borrow occasionally for a temporary period against certain tangible securities such as gold and silver ornaments, life insurance policies and Government and other securities may be enrolled as a nominal member upon his application in a prescribed form on payment of Rupees five as non-refundable entrance fee provided he 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) For a share in the bank.
 - (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.
 - (d) To any assets or profits of the bank.
- (iii) A co-operative society registered under any law shall not be eligible and as such shall not be admitted as a nominal member in terms of the provisions of this byelaw.

11.SHARE CERTIFICATE

Every person admitted as member shall be entitled to receive a share certificate stating the number of share/s and their distinctive number/s. The share certificate shall be signed by the Chairman or any Director duly authorised and the Chief Executive Officer, the share certificate shall bear the bank's seal.

12.TRANSFER OF SHARES

- (i) A member may transfer his share or shares after holding them for not less than three years to any person 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 Rs.1 per share subject to the maximum of Rs.5 is paid.
- (ii) Transfer of shares may be declined to a share holder member if
 - (a)The member is indebted or is liable as surety to another member who is indebted to the bank.
 - (b)The transferee does not fulfill the conditions prescribed under byelaw (9)
 - (c)The member request for transfer of part of shares held by him.
- (iii) If any certificate be worn out, defaced, destroyed or lost a new share certificate may be issued, in lieu there of on payment of a fee of rupee one 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 the absence of such evidence, no such indemnity as the Board of Directors may deem sufficient.

13.REGISTRATION, CESSATION AND EXPULSION OF MEMBER

- (i) A member may resign his membership and withdraw his capital with the approval of the Board of Director. The approval shall not be given while such a member is indebted and within 3 years his becoming a member of the bank. During any financial year, the aggregate withdrawals should not exceed 10% of the total paid up share capital at the 30th September of the preceeding year brought for payments under byelaws 15 provided the real or exchangeable value of paid up share capital and reserves does not stand reduced to less than Rupees One lakh as per Sec 11 (1) 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 a member.
 - (c) On breach of any conditions prescribed under byelaw 9
 - (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 section 17 of the Kerala Co-operative Societies Act and the Rules made there under, shares held by an expelled members are liable to be forfeited.

14.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 fee of rupee one for every subsequent nomination.

- 15. (1) On the death of a share holder member, the bank shall transfer the share or interest of the deceased member to the person or persons nominated in accordance with the rules or the byelaws ,or, if no person has been so nominated to such person as may appear to the Board of Directors to be the heir or legal representative of the deceased member.

Provided that such nominee, heir or legal representative, as the case may be, is admitted as a member of the bank.

(2) Notwithstanding anything contained in sub clause.

(i) Any such nominee, heir or legal representative, as the case may require the bank to pay to him, the value of the share or interest of the deceased member ascertained in accordance with the rules or the byelaws and the bank shall pay the amount to the nominee, heir or legal representative as the case may be within six months from the date of receipt of such requisition.

(3) The amount representing the value of the share or interest of the deceased member payable to his nominee, heir or legal representative as the case may be, shall be the amount arrived at by a valuation based on the financial position of the bank as shown in the last audited balance sheet, provided that the amount so ascertained shall not exceed the actual amount received by the bank in respect of such share or interest.

16.LIABILITY OF A SHARE HOLDER

The liability of a share holder shall be limited to the capital represented by the share or shares of which such 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 he ceased to be shareholder, shall continue for a period of two years from the date of cessation. The estate of the deceased shareholder shall remain liable to the extent of sums due for a period of two years.

17.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.

18.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 Meetings and Special General Meetings.

(iii) The Annual General Meeting shall be called once on or before 30 September of the 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 one –fifth of the shareholders or on a requisition from the Registrar of Co-operative Societies.

19.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 preceeding year, together with the audited statement of accounts including the balance sheet and profit and loss account for the year.

(ii) To sanction distribution of profit and to declare dividend at the rate not exceeding the rate recommended by the Board of Directors and prescribed in the Kerala Co-operative Societies Act and Rules.

- (iii) To consider communications from Registrar or Auditor relating to the annual audit.
- (iv) To consider and approve the budget for the succeeding year.
- (v) To elect the members of Board of Directors for a term of five year.
- (vi) 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 forward does not relate to expulsion of a member or amendment to Bank's byelaws or reconsideration of a subject within six months.

20. BUSINESS OF SPECIAL GENERAL MEETING

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

21. NOTICE: ANNUAL GENERAL MEETING AND SPECIAL GENERAL MEETING.

- (i) Notice of Annual General Meeting together with the agenda of the meeting shall be given by publication in not less than two newspapers having wide circulation in the area of operation of the bank or shall be sent to the registered address of each shareholder member atleast 15 days prior to the date of the meeting under certificate of posting. Amendment of byelaws if any proposed shall also be intimated along with such notice. Arrangements have to be made for the publication of accounts including the balance sheet and the profit and loss account and report of the Board of Directors through the Head Office/Branches of the bank.
- (ii) A Special General Meeting must be convened within 30 days of receipt of requisition from members or from the Registrar of Co-operative Societies. Notice calling the meeting shall disclose the business contained in the notice of requisition and shall be the only agenda for the meeting. Notice shall be given by publication in not less than two newspapers having wide circulation in the area of operation of the bank or shall be sent to the registered address of each shareholder member at least 15 days prior to the date of 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 quorum.
- (iv) Notice of the meeting shall be signed by the Chief Executive of the bank.

22. QUORUM

Fifty members or one-fifth of the total number of shareholder 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.

23. ADJOURNMENT OF ANNUAL GENERAL MEETING AND DISSOLUTION OF A SPECIAL GENERAL MEETING

- (i) In the absence of the quorum within one hour after the time appointed for holding of a general meeting shall be adjourned for a period not exceeding 30 days from the date originally fixed. Notice of the adjournment should be published in the news papers and notice board of the Bank/Branches.

(ii) In the absence of a quorum within the time fixed for holding an adjourned general meeting, the shareholder members present and entitled to vote shall form the quorum.

(iii) No business other than the business for which a General Meeting was called shall be transacted at an adjourned meeting.

(iv) Within half an hour after the time appointed for holding a Special General Meeting convened on requisition by shareholder members if the quorum is not present, the meeting shall be dissolved.

24. 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 a person elected from amongst the shareholder members present and entitled to vote shall preside over the meeting.

25. VOTING RIGHTS

(i) Each shareholder member shall have one vote irrespective of the number of shares held.

(ii) Individual shareholder members shall vote in person, while firm or a company or any other body corporate constituted under any law for the time being in force, or Government which is a shareholder member may appoint one of its partners, directors or officers to participate in the meeting and 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 and against any resolution.

26. RESOLUTIONS

(i) Resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands.

(ii) Unless a shareholder member demand a ballot in which case a ballot shall be taken forth with.

27. MINUTES

(i) Minutes of the General Meeting shall be made in the minutes book provided for that purpose.

(ii) Minutes of a meeting shall be approved by the Chairman who presided over the meeting on the same day and a copy there of shall be filed with the Joint Registrar of Co-operative Societies of the District within seven days.

28. BOARD OF DIRECTORS

(a) The Board of Directors shall consist of not more than 13 members viz

(1) 6 members shall be elected from among individual members.

(2) Three women members shall be elected from the individual members.

(3) One scheduled caste or scheduled tribe members shall be elected from the individual members.

(4) Not less than two members shall be elected with banking experience or professional qualifications such as CA, MBA, ICWA or M.Com with experience.

(5) One member shall be elected from the individual members having a deposit of ten thousand rupees and above.

29. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD OF DIRECTORS

(i) When a Board of Directors is constituted it shall elect its President and other office bearers within one week from the date of its constitution. It shall also by a

resolution authorize the officers concerned to take charge from the outgoing office bearers. The Chairman shall preside over all meetings of the Board and also over the Annual General Body Meetings and Special General Meetings when such meetings are called for. In the absence of the Chairman, the Vice Chairman shall preside over the meetings, and in the absence of both the Chairman and the Vice Chairman, the Directors all elect the Chairman for that meeting from among those present.

(ii) The Chairman of the meeting shall have a casting vote, in the event of an equality of votes.

30.ELIGIBILITY OF ELECTION AS DIRECTOR

- (a) (i) A shareholder member shall be eligible to be elected as director only if he is a shareholder member of the bank for at least two continuous years prior to the date of election.
- (ii) A shareholder member shall not be eligible to be elected as a director if he is disqualified under section 28 or
- (b) is a near relative of a paid employee of the society or
- (c) (i) is in default to the society or to any other society in respect of any loans taken by him or loan in which he has stood surety, for such period, as is prescribed in the byelaws of the society concerned at in any case for a period exceeding 3 months or if defaulter in the society or to any other society or
- (ii) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency such sentence not having been reversed or offence pardoned and a period of three years has not elapsed from the date of expiration of the sentence or
- (d) is interested directly or indirectly in any contract made with the society or in any sale or purchase made by the society privately or in any auction or in any transaction of the society other than investment and borrowing involving financial interest if the contract or transaction is subsisting or if the contract sale purchase or transaction be not completely or
- (e) is employed otherwise than in an honorary capacity as legal advisor or as legal practitioner on behalf of the society or against the society which is a member of the former society: or
- (f) is a paid employee of the society or of any other society
- Provided that the Registrar may be general or special order exempt any society or any person from the operation of this clause for such period to be specified by him in the order of exemption: or
- (Provided further that this clause shall not apply in the case of an Employees Co-operative Society)
- (g) is of unsound mind, a deaf, mute, or blind person or a leper, or is a minor or a nominal or an associate member provided that the disqualification of leprosy shall not apply to the members of committees or societies formed for the rehabilitation of lepers: or
- (h) is an applicant to be adjudicated, a bankrupt an insolvent or an uncertified bankrupt or an un discharged insolvent: or
- (i) is carrying the same business as is being carried on by the society : or
- (j) is disqualified under any other provision in the byelaws of the society: or

- (k) is a member of the committee which has been superseded and period of one year has not elapsed from the date of supersession.
- (l) has been surcharged under section 68.

31.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 as a borrower or as a surety.
- (ii) he resigns and his resignation is accepted and / or 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 insolvent or incurs legal disability.
- (v) he accepts a position of profit of the bank.

32.VACANCY IN THE BOARD OF DIRECTORS

Vacancies in the Board of Directors occurring through death, removal, resignation or any other reasons shall be filled by fresh election as provided for in the rules framed under the Act.

33.MEETINGS 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 atleast once in a month. Notice of a meeting of the Board of Directors together with the agenda of the meeting shall be sent to all the Directors at least eight days prior to the date of the meeting. If deemed necessary detailed notes on the agenda it shall also be sent to the Directors.

In case of urgency, where there may not be sufficient time to convene a meeting of the Board, the Manager may obtain the orders of the Board by circulation of papers among the members. Such decision arrived at by circulation shall be placed before the next meeting of the Board for their information. Should a difference of opinion arise in the course of such circulation, the matter shall not be decided by circulation, but shall be placed before the next meeting of the Board.

34.QUORUM

Seven Directors shall form the quorum.

35.POWERS OF THE BOARD OF DIRECTORS

- (i) To consider applications of membership, allotment and transfer of shares resignation.
- (ii) To rise with or without security, loans, overdrafts and cash credits 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, statement of profit and loss account and other statements for being placed before the members of the Annual General Body Meeting.
- (iv) To consider application for loans and advances and discounting of bills and to determine the terms and conditions thereof.
- (v) To enter in to participation arrangements with a commercial or Co-operative Bank and financial corporation for the purpose of loans and advances and to determine the terms and conditions of participation. This power shall not be delegated to any committee, office bearer or officer.

- (vi) To consider cases of arrears and defaults of loans, overdrafts, advances and cash credit 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 credit and advances due from constituents.
- (viii) To approve investment of monies belonging to the bank and government and other trustee securities, deposits and other approved securities.
- (ix) To approve purchase, sale and / or pledge of Government and trustee securities and other approved securities on behalf of the bank and to delegate jointly to any one of the Directors and Chief Executive Officer, powers for the purpose of purchase, sale and/or pledge as the case may be.
- (x) To consider proposals for opening 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 to 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, of 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 post of officers and junior and other staff on the bank's establishment and to frame rules prescribing the procedure for filling the vacancies either by direct recruitment or by promotion from the existing members of staff with the approval of the Registrar of Co-operative Societies.
- (xvi) To appoint a Chief Executive for the efficient conduct of the Bank's Business and to fix his remuneration and to frame rules governing the disciplinary action against erring employees, including the Manager of the bank.
- (xvii) To consider payments of compensation, advance, rent or long term advance with or without security for the purpose of securing premises for the Bank's offices on lease or tenancy basis.
- (xviii) To prepare annual budget estimate within which the Chief Executive Officer may incur expenditure for proper and efficient working of the Bank.
- (xix) The Board of Directors may appoint a subcommittee or committees and a branch committee or committees consisting of not more than five directors including the Chairman and delegate to any such committee such powers as it may deem fit. The Chairman of the Board of Directors shall be the Chairman and the Chief Executive Officer shall be the convener of such committee or committees appointed by the Board.
- (xx) To accept deposits of all kinds and types.
- (xxi) To arrange for election of Directors of the Board.
- (xxii) To open banking accounts, with any bank or financial institution and to authorise officers of the bank to deal with the same.
- (xxiii) To secure membership of or affiliation to appropriate institutions.
- (xxiv) To establish and support the provident fund scheme for the benefit of the staff.
- (xxv) To nominate representatives of the bank on the various committees, General Body Meetings whenever necessary and to attend the conference, seminars etc.

(xxvi) To perform all acts connects with the administration of the Bank and to undertake all activities and business in furtherance of the aims and objects of the bank.

(xxvii) To elect the delegates of the bank to any other institutions of which the bank is a member.

36. All acts done in good faith by the Board of Directors or any person acting as a member of the Board shall not withstanding that it is afterwards discovered that there was some defects in the appointment of such board or person be as valid as if the Board of every such person has been duly appointed.

37. The Minutes of the meeting 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 of the Bank.

38. CHAIRMAN

The powers and duties of the Chairman shall be as under

(i) To preside over the General Meeting, Meeting of the Board of Directors, Sub Committee Meetings and meetings of any other committee.

(ii) To supervise the general working of the Bank.

39. 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 resolutions and decisions taken by the General Body and Board of Directors.

(ii) To convene the meeting of the General Body, Board of Directors, Sub committee, Staff committee or any other committee and to attend and to record the Minutes of all meetings in the Minute book and to countersign the same along with the Chairman of the meeting.

(iii) To conduct correspondence on behalf of the bank.

(iv) To maintain all books of account, registers and ledgers as may have been prescribed under the Co-operative Societies Act, Rules and Bye laws.

(v) To receive application for membership of the bank and for additional shares and place 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 its specific 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 moneys on behalf of the bank.

(x) To be the custodian of cash on hand, property both movable and immovable, documents, securities and bonds.

(xi) To seek orders from the board for appointment of staff subordinate to him within the sanctioned strength, on such scales of pay and allowances as may have been sanctioned by the Board of Directors from time to time with the approval of the Registrar of Co-operative Societies.

(xii) To allot work amongst the Bank's staff and supervise their work.

- (xiii) To take disciplinary action against the Bank's staff in accordance with the Service Rules.
- (xiv) To issue orders of transfer to staff whenever necessary.
- (xv) To pass orders on leave applications, travelling allowances bills, medical bills and other permissible bills of the staff.
- (xvi) To incur expenditure within the budget approved by the Board of Directors.
- (xvii) To arrange for investments of money in accordance with the Board's policy and to report the same to the Board of Directors in their next meetings.
- (xviii) 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.
- (xix) The Chief Executive Officer shall be the person, to sue or to be sued for and on behalf of the Bank.
- (xx) All documents executed by the Bank or on behalf of the Bank shall be in the name of the Chief executive Officer.
- (xxi) Sanctioning of loan in accordance with authority delegated by the Board of Directors and report the same to the Board of Directors in the next meeting rectification and approval.

40.LOANS AND ADVANCES

(A) Loans, cash credits and /or overdrafts on current accounts may be granted to members on security or securities mentioned below or other security or securities, approved by the Board of Directors or without security subject to the directives issued by Reserve Bank of India from time to time relating to loans and advances of the Bank.

- (i) Personal security and / or surety/ sureties or other member/members.
- (ii) Collateral security of movable or immovable property.
- (iii) Industrial, mercantile, agricultural and other marketable commodities or machinery under pledges hypothecation or charge of the bank.
- (iv) Pledge Government, trustee securities, shares 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.
- (x) Collateral security of movable and immovable property located in neighbouring taluks such as pathanapuram,Punalur and Kunnathur taluks.

(B). Loans, overdraft etc. may be granted to employees as detailed below.

(i) Housing Loan.

Housing Loan Loans for purchase of house, house site,construction of house, maintenance of house etc may be disbursed to all permanent employees who have completed 3 years continious service of the bank as per such rules framed by the bank and approved by the Registrar.

(ii) Loans for purchase of vehicles.

Loans for purchase of vehicles may be granted to all permanent employees who have a continuous service of 3 years as per sub rules framed by the Board and approved by the Registrar.

(iii) Employees overdraft

Overdraft to all permanent employees of the bank may be granted as per sub rules framed by the Board and approved by the Registrar.

Clause 40.B The authority/ authorities empowered to sustain the loans/ overdrafts/ cash credits to the members and nominal members will be as noted below.

(a) Gold loans and deposit loans.

(b) Renewal of overdraft, cash credit up to the sanctioned limit General Manager / Branch Manager.

(C). Delegation of loan sanctioning power to loan subcommittee/ General Manager/ Assistant Secretary/ Branch Manager.

The Board shall delegate adequate powers to the loan subcommittee, General Manager, Assistant Secretary and Branch Manager in sanctioning all types of loans subject to rectification by Board of Directors from time to time.

(D). The maximum exposure to individual member (borrower) shall be one crore subject to the following ceiling in each loans.

1. Mortgage Loan	-	1 crore
2. Business Loan	-	1 crore
3. Cash Credit (Members)	-	1 crore
4. Housing Loan	-	50 Lakhs
5. Vehicle Loan	-	30 Lakhs
6. Consumption Loans	-	30 Lakhs.

41.LINKING OF SHARE HOLDING WITH LOAN LIMITS

(i) A borrower should hold shares of 5% of his borrowings if such borrowings are on an unsecured basis i.e., in the form of clean overdrafts, loans against one or two personal sureties and purchase/discount of clean bills and cheques.

(ii) A borrower against tangible securities should hold shares of the bank to the extent of 2.5% of his borrowings from the bank.

(iii) In the case of loans for small scale industrial units, self employment, education, vehicle loan, housing, employment in foreign countries etc, granted on security basis the linking of share capital might be not less than 1% of the borrowing and not more than the ratio fixed by the Registrar of Co-operative Societies. The total amount of share capital held by a member will however, have to be within the limits laid down under the Co-operative Societies Act.

42. DEPOSITS

(i) Deposits may be received at any time within the limits determined under the Co-operative 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, savings, fixed, recurring and cumulative under any other special schemes.

43. APPROPRIATION OF PROFITS

(i) The bank shall out of its net profit in any year.

(a) Transfer an amount not less than 25% of the net profit to the Reserve Fund.

(b) Credit such portion of net profits, not exceeding 5% as may be prescribed in the rules of the Co-operative Education Fund as referred under the section 109 of the Act.

Co operative Members Relief Fund as per Section 56(1)(C) of the Act.

(ii) The balance of the net profit may be utilized for all or any of the following purposes.

(a) Portion of dividend to the member on their paid up share capital on such rate not exceeding 20%.

(b) Contribution of Bad Debt Reserve.

(c) Contribution to building fund.

(d) Donations not exceeding 1% of net profits to any charitable purposes as defined in the Charitable Endowment Act 1980.

(e) Payment of Bonus to employees of the Bank to the extent and in the manner specified in the Bonus Act 1965.

(f) Contribution to Investment Fluctuation Fund.

The balance if any after appropriation as above shall be carried to Reserve Fund.

(g) Professional Education fund as per section 56(2) of the Act.

44. RESERVE FUND

Reserve Fund shall belong to the bank as a whole and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to the share in it. It may be drawn upon only with the special sanction of Registrar to meet unforeseen losses incurred. The bank shall invest or deposit its reserve fund in the Central Co-operative Bank of the District or in trustee securities as approved by the Registrar.

45. DIVIDEND

(i) The dividend declared shall be paid to the person whose name stands as the registered shareholder in the books of the bank on the last day of the Co-operative year to which the dividend relates.

(ii) Dividend shall be proportionate to the amount paid on shares and the period in whole months for which the amount stood to the credit of the shareholder.

(iii) Dividend shall be payable at par at the Bank's Head Office as well as the Branches.

(iv) Any dividend remaining undrawn for three years after having been declared shall be forfeited and shall be carried to the Reserve Fund of the Bank.

(v) Unpaid dividend shall be payable on application provided the same has not been forfeited.

46. ACCOUNTS AND RECORDS

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

47. AUDIT

The accounts of the bank shall be audited by an auditor appointed by the Registrar.

48. SEAL

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

49. AMENDMENT TO BYELAWS

(i) None of these byelaws shall be added to, amended, altered or rescinded except by a vote of the majority consisting of not less than two third of the members present and voting at a General Meeting.

(ii) Any addition, amendment, alteration or rescission resolved upon as such meeting shall take effect from date of receipt of the Registrar's approval in writing.

50. CASH BALANCE

Cash balance exceeding Rs:2 crore in the Head Office Branch and Rs:1 crore in the Branches of the bank shall be deposited with the bank approved by the Registrar, who ever acts against this provision and keep the same in the custody shall be charged with 18% interest and will be liable to penalized both civilly and criminally.

51. Gratuity shall be given to the employees of the bank as per rules and the sub rules there to shall be prepared from time to time and shall obtain the approval from the Registrar.

52. The member's of the bank's Director Board may be given sitting fee at the rate fixed by the Registrar from time to time.

(Approved)

Sd/-
Joint Registrar

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