

BYE-LAWS

for

The Faridkot Distt. Co-op. milk Producer's Union Ltd; Faridkot, Kotkapura road (Faridkot)

**Registered on 17-03-79 by the Registrar of the
Cooperative Societies under Certificate No.231**

1. The Union shall be called The Faridkot Distt. Co-operative Milk Producers Union Limited, and shall be referred to here-in-after as the Union.
2. It registered address shall be at Faridkot ,Post Office Faridkot,Taluka Faridkot, District Faridkot; any change in this address shall be notified to the Registrar, Co-operative societies, Punjab within 30 days.
3. The Area of operation of the Union will be Faridkot District (old).
4. **DEFINITION**
 - (i) Union: Union means The Faridkot District Cooperative Milk Producer's Union Ltd .
 - (ii) Board: Board means Board of Directors constituted as per the provisions of these Bye-laws.
 - (iii) Commodities: commodities include mik, milk products, cattle feed, raw or processes agricultural product, Dairy and food packing material, equipment and machinery.
 - (iv) General Meeting: Include ordinary or special general meeting
 - (v) Act: Act means the Punjab Cooperative Societies Act, 1961.
 - (vi) Registrar: Registrar means the Registrar of the Cooperative societies as defined under the Punjab Cooperative Societies Act.
 - (vii) Rules: Rules means the Rules framed under the Punjab Co-op Societies Act.
 - (viii) Federation: Federation means the Apex body of the District Milk Union, to which the Union is affiliated.
5. The objectives of the Union shall be to carry out activities conducive to the economic development of Agriculturists by organizing affectively production, processing and marketing of commodities as per directions of the federation.

To achieve the above objectives, the union may under the directions of the federation.

(a) (i) Purchase: Purchase the commodities from the members of the affiliated societies as directed by the Federation pool, process and sell them without affecting the interest of the members.

Note: In case the Union undertake production, processing and marketing of agricultural commodities other than Milk and milk products it will obtain the prior permission of the Federation/ Registrar.

- (ii) Own or hold on lease or otherwise, movable or immovable properties.
- (iii) Purchases, arrange to purchase and distribute cattle feed, distribute and sell cattle feed, dairy and food machinery, tools and instruments, dairy and food packaging material. Undertake programme to promote fodder cultivation by the members of the affiliated societies.
- (iv) Encourage growing of fodder by the member or members of its affiliated societies.
- (v) Give veterinary and artificial insemination services and provide medicines and undertake cattle insurance work through the Federation.
- (vi) Own herds of cattle for breeding programmes.
- (vii) Buy animals on behalf of members of the affiliated societies, if, desired by the Federation.
- (viii) Make arrangements for transport of commodities.
- (ix) Organise new Co-operative societies and develop affiliated societies to the utmost and impart Co- operative knowledge amongst members and its application to business methods.
- (x) Render technical, financial, administrative and other and necessary assistance to other milk schemes.
- (xi) Organise and encourage saving schemes.
- (xii) Settle all matters of common interest of the affiliated societies and further their interest.
- (xiii) Carry on co-operative propaganda to undertake insurance on agency basis including general insurance.

- (xiv) Generally to carry on such other activities as would further the above objectives and to do all such things as are incidental or conducive to the attainment of the above mentioned objectives.
- (b) (i) With a view to organize and coordinate the activities of the primary societies affiliated the Union, advise , guide, assist rectify and to generally control their affairs.
(ii) Organise supervision of the affiliated societies and for that purpose fix the supervision charges with the permission of the Registrar and collect the same.
- (c) (i) Establish a research and development association having independent existence , contribute to its funds and raise fund for the same from the members of the Union
(ii) Create funds and trusts for the benefits of the employee and support & assist the same in accordance with the rules and regulations and directions of the / Federation /RCS.

The Union shall approach the Registrar for approval Regarding the contribution by the Union and the employees provided these rules and not governed by any other statute in force.

6. **Funds:**

Capital may be raised by:

- (i) Entrance fees.
- (ii) Issue of shares.
- (iii) Issue of debentures.
- (iv) Deposit from members and non-members.
- (v) Loans
- (vi) Grants, aids and subsidies from Government and Internal agencies and foreign collaborations.

The amount of capital to be raised by the sale of shares shall not exceed Rs.2.00 Crore (Amended vide AR Office letter no.4332 dated 21/08/96)(Amount of capital to be decided by the Board of Directors of the Union). The face value of each share shall be Rs. 100/- and shall be paid on allotment. The funds of the kind specified in (iv) &(v) may be raised provided the total of such funds does not exceed 8-10 times the total of the paid up share capital. The accumulated reserve funds of the Union when not employed in the business of the Union shall be invested or deposited as required by section 44 of the Act read with rule 37 of the Rules.

- (vii) By way of loans and subsidies from the State Government for industrial workers subject to such terms and conditions (not withstanding anything contrary to in the bye laws), as may be imposed in this regard and to utilize , such money for the construction of houses

for such of its workers as are bonafide employees of the District. Coop. Milk Producers Union Ltd. Faridkot Distt. Faridkot and governed by the Factories Act & to enter into such agreement with the said workers as may be necessary to implement the said terms and conditions agreed to with the State Govt. as a condition precedent to the grant of the said loan and subsidy.

- 7 The Membership of the Union shall consist of:
- (i) Any registered Milk Producers Society in the area of Operation of the Union.
 - (ii) State Government.
- 8 The persons dealing with the Union as selling agents, their sureties and with whom the Union has financial dealings may be admitted by the Board of Directors of the nominal membership of the Union. Such nominal member shall not be required to hold the shares, but shall have to pay fee of Rs. 100/- each. They shall have no right to vote or to participate in the management of the union or in the distribution of profits. They shall continue only so long as they have business relation. They shall incur no liabilities in the event of winding up of the union.
- 9.
- (a) No Society once affiliated can be dis-affiliated without the sanction of the Registrar unless it is dissolved.
 - (b) An affiliated society if so required by the Union may invest the whole or any specified part of its Share capital, reserve funds and other funds in the share of the Union and / or deposits with the Union.
10. Subject to the provisions in the Act and Rules any member may be expelled by a resolution by $\frac{3}{4}$ Members present at the general meeting and voting for any of the following persons
- (a) If the member is a persistent defaulter and habitually fails to carry out its obligations to the Union
 - (b) If the member wilfully deceives the Union by false statement
 - (c) If the member does any act likely to injure the reputation of the Union.

The Board of Directors shall give such member fourteen days written notice of the proposal to expel the member. Expulsion may involve the forfeiture of all shares held by the member.

11. The liability of a member shall not exceed the amount, if any, unpaid on shares subscribed.
12. Subject to provision of the Act, a society ceasing to be a member under bye- laws 9 & 10 can be readmitted to membership by a resolution of the General meeting.

13. The face value of each share shall be Rs 100/- (Rs one hundred only)
14. No member, other than Govt. or a Cooperative society shall hold share or have any claim or any interest of the share of the Union exceeding the amount specified (Rs 5000/-) to this effect in the Act & Rules.
15. Application for shares shall be made in writing and shall be disposed off by the Board of Directors.
16. (a) A share certificate shall be issued every time a share is subscribed by a member.
(b) A duplicate share certificate will be issued for share certificate lost by a member, with the approval of the Board of Directors on payment of fee of Rs. 1.00 per share and against indemnity bond to be furnished by the member.
17. The member may transfer its share/s after holding for one year to another member with the approval of the Board of Directors. No transfer shall be completed until the name of the transferee has been entered in the share transfer register and a fee of Re. 1/- (Re. One) per share has been paid.
18. Every member shall hold at least one share of Rs. 100/- (Rs one hundred).
19. A Society ceasing to be member shall be entitled to receive back the amount not exceeding the actual sum paid by it on account of share before the expiry of one year from the termination of its membership.
20. The first meeting of the members after registration shall have the same powers as are herein given to the annual general meeting.
21. Duties of member society:-
 - (i) To supply the commodities received or procured by the society to the Union after local consumption
 - (ii) To implement the instructions issued by the Union./ Federation from time to time regarding supply of commodities, head load, centre timings for supply of milk, type of vehicle.
 - (iii) To collect the milk or any other commodities without adulteration.
 - (iv) To adhere to the instructions of the Union/ Federation and to furnish the required information to Union/ Federation to farther its objectives.

22 **GENERAL MEETING.**

The supreme authority shall vest with the General Meeting. A general meeting may be called at any time by a majority of the Board of Directors and shall be called once every year within the quarter ending 30th June. This shall be called the annual General Meeting. The Chairman of the societies affiliated as

on 31st March of the previous financial year shall only be invited. They can contest for election and vote.

23. A special general meeting may be called at any time by a majority of the board of directors and shall be called within one month on requisition in writing by 1/5th of the members of the union or by the Registrar.

24. The following among other matters shall be dealt with by a general meeting.

- (i) The chairman or in his absence the vice chairman will preside over the meetings of the general body. When both of them are absent, the members present shall elect a chairman of the meeting.
- (ii) To confirm the minutes of the previous General Meeting.
- (iii) To receive from the board the report of the proceeding financial year's working together with a balance sheet as on 31st March of the year and profit and loss account for the year
- (iv) To sanction the distribution of profits.
- (v) To declare the names of the elected Directors for the succeeding year.
- (vi) To consider the audit memorandum and audit rectification reports from the Board and other communications from the Registrar.
- (vii) To fix the borrowing limit subject to the conditions specified in the bye-laws.
- (viii) To amend or repeal the existing bye-laws or the enactment of the bye laws.
- (ix) To approve the budget for succeeding year.
- (x) To fix the rate of traveling allowance and daily allowance for attendance of Board of Directors and other sub-committee meetings. The Ex-Official members will be paid traveling allowance and daily allowance as per the rules enforce in their respective organizations.
- (xi) To repel a member under bye-law 10.
- (xii) To accord approval to excess of expenditure over the approved budget.
- (xiii) To remove one or more members of the Board of Directors for which $\frac{3}{4}$ majority votes of members present voting at the General Meeting shall be required
- (xiv) To remove the General Manager.
- (xv) To appoint experts to inspect godown, machinery, dead stock etc. and to see whether they are in a satisfactory condition and to suggest any changes, if necessary
- (xv) To consider any other business duly brought forward.

25. (a) Each representative of a member society present at the General Meeting shall be entitled to exercise not more than one vote.

b) The president of the general meeting shall have a casting vote in addition to his ordinary vote.

c) Every affiliate society shall nominate its Chairman only to represent in the General Body Meeting of the Union. He shall be entitled to vote and contest the election of Board of Directors of the Union.

26. In the case of annual general meeting, 15 days notice and in case of special general meeting, notice subject to the provisions of rule 80 of the Punjab Co-operative societies Rule 1963 shall be given by the publication of written notice at the office of the Union and in atleast one local newspaper. The notice shall specify the day, hour and place of the meeting and shall state the nature of business to be transacted at the meeting.
27. 1/5 of the total number of delegates and representative of the societies or 25 (whichever is less) shall form a quorum at the General Meeting. If on the day of the meeting there is no quorum or if all business is not completed the consideration of all or of a part may be abandoned or adjourned to another day. If on the day to which the meeting is adjourned no quorum is obtained the business shall be disposed off without quorum.
28. Every resolution submitted to any meeting shall be decided in the first place on a show of hands in the case of equality of votes the president shall have both on a show of hands of at poll a casting vote in addition to his own vote.
- A declaration by the president of any general meeting that the resolution has been carried upon by a show of hands shall be conclusive, unless on such declaration, a poll is demanded by at least 50 members present.
29. The Union shall affiliate itself to the Central Co-operative Financing agency and District Co-operative Union/Federation operating in its area.
30. Subject to provision of rule 80 of the Punjab Co-operative Societies rules, with the permission of 2/3 of those present at the General Meeting any member may bring forward a proposal regarding any matter not specified in the notice of the meeting provided that he may not propose the expulsion of another or an amendment in the bye laws.
31. Except an order of the Registrar, no resolution can be brought at the General Meeting for cancelling a previous resolution of the General Body unless six clear months have lapsed after the original resolution.
32. a) The Board of Directors shall consist of 20 members as noted below :
(However, if Govt. does not contribute towards share capital the BOD shall consist of 17 members)
- i) Twelve elected representatives of affiliated societies.
 - ii) Registrar Co-operative societies or his nominee.
 - iii) One nominee of the financing agency.
 - iv) One nominee from the Federation to which Union is affiliated.
 - v) General Manager of the Union, Ex.-officio member/secretary.
 - vi) One nominee from N.D.D.B.
 - vii) Three of Govt. if Govt. has contribution towards share capital.

- Viii) One elected representative of the progressive dairy farmers provided there are 20 such progressive dairy farmers registered with the milk union.
- b) Nine members shall form the quorum of Board of Directors.
 - c) The elected Board of Directors shall hold office for a period of three years but 1/3rd shall retire every year by rotation i.e. four from society members in the manner prescribed here-in-after. Vacancy in the committee occurring during its term of office on account of death or any other cause shall be filled up in the manner prescribed.
 - (d) A member of the Board nominated by the Financing Agencies or Govt. shall not be entitled to contest the election of Chairman or Vice-chairman of the Union.
 - e) The Board of Directors shall elect the chairman and the Vice- Chairman every year at their first meeting after the Annual General Meeting and they shall be continued till new Chairman and Vice-Chairman is elected.
 - (f) It shall frame subsidiary election rules consistent with the provisions of the Act, rules and Bye- Laws for the election of the Board of Directors with the approval of the Registrar, Cooperative Societies.
 - (g) Provided that the first Board of Directors of the Union including the Chairman and Vice- Chairman shall be nominated by the R.C.S. for a period of one year. Provided further that in the case of Union already registered, the first retirement of the aforesaid number of members of the Board of Directors shall take place immediately on the expiry of the period of one year from the date on which the amendment in the bye-laws of the Union providing for such retirement comes into force.
33. Subject to the provisions of the bye-laws and the directions conveyed in the resolution of the General Meeting, the Board of Directors shall have full authority to carry on the business of the Union. The Board may meet as often as it may consider necessary for transaction of the business but it shall meet at least once a month.
34. Should an elected member of the Board absent himself from three consecutive meetings of the Board without showing adequate cause, he shall cease to be a member of the Board.
35. No member shall be present or vote on any matter in which he has personal interest.
36. All acts done by the Board or any person acting as a member of the Board shall be valid as if the Board or any such person had been duly appointed notwithstanding that is afterwards discovered that there was some irregularity in the appointment of such a Board or a person.
37. (a) Qualification required for contesting election of Board of Directors of the Union:-
- (i) He should be the Chairman of an affiliated society.

- (ii) The society to whom he represents should have fulfilled the liabilities as laid down in Bye-Laws 21
- (iii) Resolution of his society's Managing Committee should have been received by Union authorizing him to contest the election of Board of Directors of the Union and binding that nobody else is representing in the Board from their society.
- iv) Such society should have been classified as A, B & C. Class society in the previous year audit report.
- (v) Qualification required for contesting election of Board of Directors:
 - (i) The society should not have been proved for any of defalcations of malpractices in the previous financial year of the society.
 - (ii) The society should not have remained closed for more than 90 days during the previous cooperative year except due to natural calamities.
- (b) He should not be entitled to contest the election of Board of Directors if:-
 - (i) he is not the member of the Managing Committee, on the 31st march of the previous year.
 - (ii) he is paid employee of the society.
 - (iii) any due of society recovered from him through arbitration.
 - (iv) he is disqualified, under rule 25 & 26 of the pb. Co-op. socs, rules 1963.
 - (v) he is dishonest, or declared insolvent
 - (vi) he is having direct or indirect interest in connection with any contract between him and the Union or in buying any movable or immovable property of the Union.
 - (vii) he is engaged directly or indirectly in same type of business like union, or having direct or indirect interest in such activities, in case he derives any interest on later stage he shall not be entitled to continue as a member of the board.

NOTE: To supply milk to the society shall not be considered as same type of business, as the milk sold to the Society is to be supplied to Union only.

- 38 The business powers and duties of the board shall be:-
- i) to dispose off applications for membership and applications for shares
 - ii) to raise loans debentures and to prescribe the conditions on which deposits may be accepted.
 - iii) to appoint sub-committee or committees for special to delegate elected director of the union as the nominee on the general body meeting of the Federation.
 - iv) to approve and certify the Balance sheet and the profit and loss account for the financial year ending 31st march and to prepare annual report, progress of work and agenda with the budget for the succeeding year to be placed before the General Meeting.

- v) to arrange for adequate security against embezzlement, stealing, mis-appropriation, damage by employees handling cash, goods and securities.
- vi) to examine stock register and physical verification of stock on hand.
- vii) to consider applications for loans and credits.
- viii) to sanction purchase of lands and buildings, to lease or sell impliments, land, buildings, machinery etc. for the use of the Union or for the purpose of letting them to the societies or hire and to acquire or lease premises for accommodating the Unions office and for storing goods as per directions of the Federation.
- ix) to arrange for insurance against loss of property, of all kinds of properties of the Union against all kinds of risks.
- x) to consider Audit memo to take action on the instructions contained therein and submit audit rectification report to the Auditor within two months of the date of receipt of Audit note and place audit memo and rectification report before the next General Meeting.
- xi) To appoint General Manager and other senior officers of Managers rank and fix their remuneration. The powers to appoint, punish or terminate the staff below the rank of Manager shall rest with the General Manager.
- xii)
 - a) To purchase or lease lands for the Union.
 - b) to ascertain investment in fixed assets, on land, building, machines etc. required for the business of the Union.
 - c) To endorse, sell, transfer, and otherwise deal with govt. and other securities and delegate powers in this respect to two or more members of the Board of Directors.
 - d) To sell land and other movable and immovable property belonging to the Union when no required.
 - e) To conduct the business of the Union as per the instruction of the Federation.
 - f) To sanction working expenses and/or delegate powers for sanction of such expenses, if required.
 - g) To sell the commodities on credit to the affiliated milk Cooperative societies, Institutions and parties abroad against securities and/or upon the terms and conditions as may be deemed appropriate by the board. The Board may delegate powers in this behalf of the Chairman, whenever found necessary. But the Board of Directors shall be appraised by the Chairman in the subsequent meeting of the Board of Directors about powers exercised by him in this behalf.
 - h) the board may delegate to the General Manager any of its business and/or powers/duties under the bye-laws of the Union.
 - i) the Board may empower the General Manager to delicate to any officer or officers, all or any of its business or powers/duties delegated to him ny the board under the bye-laws.
- xiii) The Board of Directors ma authorise the General Manager to sell the commodities on credit. the amount of credit should not exceed Rs....at any time. This amount of credit is to be decide by the Board of Directors.

- xiv) To approve the take-over of the Management fo affiliated socities wherever found necessary with or without financial liabilities.
- xv) To declare the names of Directors retiring and number of seats vacanton on the Board of Directors every year. However,in the case of first elected Board of Directors retirement ahall be determined by draw of lots for the first and 2nd year. Therafter 1/3rd elected members shall retire by cyclic rotation.
39. Generally 07 days' notice shall be issued for calling meeting of the Board of Directors.In case of urgency time limit can be shortened.
40. Subject to the provisions of the rule 80 of the Punjab Co-operative Societies rules 1963 on urgent occasions of the business of the Board of Directors will be conducted by meeting.
41. It shall be competent for the Board of Directors to frame subsidiary rules consistant with the provisions of the Act, Rules and Bye-Laws for the proper conduct of the business of the Union.
42. The Chairman shall have the general control over all the affairs of the Union.
43. **Appeal:**
- An appeal shall lie to refer the decision of the Board of Directors to the General Meeting.
- The general meeting shall refuse to entertain such an appeal if it not referred to the Union within two months of the communication of the decision of the Board of directors.
44. **General Manager:** The duties of the General Manager shall be:-
- (i) To summon and attend all General and Board of Directors meetings and he shall summon and attend or depute an officer to summon and to attend sub-committee meeting of the Union.
- (ii) To record the proceedings of such meeting in the minute book.
- (iii) To arrange disbursement and receive payment through other officer or officers of the Union empowered in this behalf by the Board of Directors.
- (iv) To guide supervise and control the work of the staff of the Union and to perform particularly the following duties through them:
- Maintenance of accounts and registers as per Bye-Laws No. 50.
 - Preparing of vouchers, balance sheet and other documents required for the business of the Union.
 - To see that the accounts of the Union are maintained upto date.
 - Do all such business –entrusted by the Board of Directors.
 - Examination and verification of the stock and stores every 3 months.
 - Keeping in custody all documents, promissory notes,loans bonds etc.
 - To conduct the day to day business of the Union subject to the directions of the Board.
 - Supply all information and periodicals to the Federation from time to time.

- v) To see that the audit memo is placed before the Board of Directors for consideration without delay and to take further steps for rectification and submit of rectification reports to the Auditors in time. In the absence of the General Manager, the General Manager shall delegate his powers to the next senior officer with the approval of the Chairman.
45. The Union, if so required, shall arrange with its members societies and make them individually enter into agreement with the Union for supply of such quantity of commodities and shall see that the members carry out the terms of the agreement. Any loss caused to the Union by the wilful failure of the members society to supply the agreed quantity of the commodity shall be made good by it.
46. The Union shall have power to order an affiliated society or remove any member, for supplying adulterated commodities or violating any terms of agreement entered into with the Union.
47. **Distribution of Profit:**
- a) At the Annual General meeting the profits earned in the previous financial year shall be announced and following deductions shall be made.
- i. Interest
 - ii. Working expenses
 - iii. Losses
 - iv. Depreciation
 - v. Land assessment cases and rent
 - vi. Contribution to staff provident fund, provided detailed rules are framed.
 - vii. Gratuity for staff and its provisions.
 - viii. Staff bonus not exceeding three months salary subject to the provisions of Bonus Act.
 - ix. Income tax and its provisions.
- (b) The net profit which then remains shall be divided as Follows.
- I. 25% shall be carried to the reserve fund.
 - II. To contribute towards the Education Fund of the State Cooperative Union as required under the Act.
 - III. Out of the then remaining profits a sum not exceeding 10% per annum shall be distributed as divided on the paid up share capital.
 - IV. Out of the then remaining profits the distribution shall be as follows:-
 - (a) Up to 80% for bonus to the members in proportion to commodities sold to or through the Union.
 - (b) 10% for charity fund.
 - (c) 2% for dividends equalisation fund subject to the provisions of the Act and Rules.
 - (d) 5% for cooperative propaganda and education.

- (e) 3% for research work in dairy industry.
- (f) All charges in the distribution of profits shall be made with the prior approval of the Federation/ Registrar.

48 Dividend not drawn within six months from the date on which it is announced at the General Meeting, may be remitted to the members by money order at their own cost or credited to their accounts.

49 Reserve fund In addition to the sum in the Bye-Laws 47(b) (i) all entrance fees, donations, other than those for specific purpose and receipts on account of forfeited shares and fines other than those collected from employees shall be carried to the Reserve fund.

50 **Accounts and Records:-**

- (a) Books and accounts and other records shall be maintained as prescribed in the rules and also as directed by the Registrar with such additions as the Board of Directors consider necessary.
- (b) Any member of the Union may inspect any of the registers or accounts during the office hours, so far as they relate to his own business transactions. Federation will have right to undertake supervision and inspect the record of the Union.
- (c) The statements showing assets, liabilities and profit and loss for the previous year shall be prepared before 31st May. A copy of these statements shall be submitted to the Auditor of Federation and Cooperative Societies on or before 15th June.

51 In case of absence of provisions or inconsistency of repugnant in the bye-laws of affiliated societies, the bye-laws of the Union shall prevail subject to the provisions of the Act and rules

52 **Amendments:**

None of the bye-laws herein contained shall be altered or rescinded and no bye- laws shall be added except by vote of majority consisting of at least 2/3 of the members present at the General Meeting. The notice convening the meeting shall specify the proposed alterations, addition or rescission. The amendment shall not take effect until it is approved (Registered) by the Registrar.

53. **Service and notice:-.**

Where by these bye-laws it is proposed that a written notice shall be given to any member, the delivery of such notice at the house at which such member ordinarily residing shall be sufficient service of such notice.