

THE GANDHIDHAM MERCANTILE CO-OPERATIVE BANK LIMITED.
The Byelaws of **The Gandhidham Mercantile Co-operative Bank Ltd.**
Established in **Gandhidham**
Registration No. **S-A-1932 Dt. 18/04/1994**

1. **NAME:** The Bank is called **The Gandhidham Mercantile Co-operative Bank Ltd.**
2. **REGISTERED OFFICE:** The Registered office of the Bank is situated at Gandhidham. Any change in the address shall be notified to the Registrar, Co-operative societies within 30 days and shall also be published in a local leading news paper.
3. **AREA OF OPERATION:** The area of operation of the Bank shall be confined to Kutch District. For any revision in this regard, prior approval in writing of the Reserve Bank of India as also the Registrar, Co-operative societies shall be necessary.

4. DEFINITIONS

- (1) The word 'Act' and the word 'Rule' used in these Byelaws means the Gujarat Co-operative Societies Act 1961 as amended from time to time and the rules made there under, respectively.
- (2) 'Government' means the Government of Gujarat.
- (3) 'Registrar' means the Registrar of Co-operative societies, Gujarat State or the Registering Authority.
- (4) 'Member' means a person duly admitted as share holder of the Bank.
- (5) 'Nominal' member means a person who has been admitted as a nominal member under byelaw No. 11.
- (6) 'Bank' means The Gandhidham Mercantile Co-operative Bank Ltd.
- (7) 'Byelaws' means the byelaws of The Gandhidham Mercantile Co-operative Bank Ltd.
- (8) 'Chief Executive Officer' means the Managing Director appointed on salary by the Board of Directors, if salaried M.D. is not appointed then the General Manager or the Manager or Secretary appointed on salary by the Board of Directors.
- (9) A person means an adult individual, proprietary concern, partnership firm, company, any other corporate body constituted or State Govt./ Public Trust registered under any law for the time being in force for registration of such trust except a Co-op. society registered under Co-operative societies Act other than State Co-operative Bank or the District Co-operative Bank concerned, society registered under the societies registration Act of 1860.

5. OBJECTS

- (1) To encourage thrift, self help and cooperation among the members.

- (2) To accept deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise, for the purpose of lending or investment.
- (3) To borrow or raise money.
- (4) To lend or to advance money either upon or without security to members and others as permitted by the Registrar, Co-operative societies and as per directives of the Reserve Bank of India from time to time.
- (5) 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, scrips and other instruments and other securities whether transferrable or negotiable or not.
- (6) To grant and to issue letters of credit, traveller's cheques.
- (7) To buy and to sell foreign exchange including foreign bank notes.
- (8) To acquire, to hold, to issue on commission, to under-write and to deal in stocks, funds, shares, debentures stock, bonds, obligations, securities and investment of all kinds.
- (9) To purchase and to sell bonds, scrips or other forms of securities on behalf of constituents.
- (10) To receive all kinds of bonds, scrips, valuable on deposit or for safe custody or otherwise.
- (11) To provide safe deposit vaults.
- (12) To collect and transmit money and securities.
- (13) To negotiate loans and advances.
- (14) To carry on and transact every kind of guarantee and indemnity business on behalf of constituents.
- (15) 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 stock of any company, Co-operative society, corporation or association and to lend money for the purpose of any such issue.
- (16) To acquire, to construct, to maintain and to alter any plot or building or works necessary or convenient for the purposes of the Bank.
- (17) To manage, to sell and to realise any property which may come into the possession of the Bank in satisfaction or part satisfaction of any of its claims.
- (18) To acquire, to manage and to undertake the whole or part of business of any other co-operative society.

- (19) 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.
- (20) To prepare and to finance schemes for amelioration of the financial conditions of the members.
- (21) To provide financial and technical assistance to self employed persons for setting up their own business.
- (22) To enter into participative arrangement/arrangements with any other bank or banks or financial institutions with the object of making loans and advances.
- (23) To do any other form of business as permitted by Reserve Bank of India from time to time and/or specified in clause (1) of section 6 of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies.)
- (24) 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.
- (25) To undertake any other form of business which the Central Government may specify as a form of business in which it is lawful for a co-operative banking institution to engage.

6. FUNDS

Funds may raised by the following means:

- (1) Shares
- (2) Entrance Fee
- (3) Subscription
- (4) Deposits
- (5) Loans, Cash Credits, Overdrafts and Advances
- (6) Donations, Grants and Subsidies
- (7) Any other instrument as permitted by Reserve Bank of India from time to time

7. MAXIMUM BORROWING CAPACITY

The maximum borrowing capacity of the Bank shall not exceed 25 times of the total amount of its paid-up share capital, accumulated reserve fund and building fund minus accumulated losses. The limit may be amended with prior permission of the Registrar, as per the co-operative societies act from time to time.

8. SHARES

The Authorised Share Capital of the Bank is 1500 Lacs made up shares of Rs. 100/- each which should be paid in full on application for membership. The Authorised Share Capital may be increased from time to time by amending bye-laws, subject to the approval of the Registrar, Co-operative Societies.

9. MEMBERS

(a) An individual may be admitted as member if he/she 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 of operation of the bank.

(A) DUTY OF EVERY MEMBER

It shall be the duty of every member of the Bank,

- (i) To attend atleast two meetings of the General Body within a consecutive period of five years;
 - (ii) To utilize minimum level of services as prescribed in the bye-laws.
- (b) Any other person as defined under byelaw No. 4(9) having its establishment/office within the area of operation of the Bank, and conducting business within such area may be admitted as a member, provided that;
- (1) The individual or any partner of a partnership firm is not convicted of any criminal offence involving moral turpitude.
 - (2) The individual or the person is not engaged in a business competing or conflicting with the business of the Bank.
 - (3) The individual is not an employee of the Bank.
 - (4) The individual or the person has subscribed to and fully paid for at least one share of the Bank together with Entrance Fee of Rs. 10/- and his/her application has been duly approved by the Board of Directors.
- (c) Government of Gujarat.
- (d) The Gujarat State Co-operative Bank Ltd.
- (e) The Kutch District Central Co-operative Bank Ltd.

10. RESTRICTIONS

(a) No rights of the 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 Byelaws.

- (b) The Board of Directors shall take the decision on the application for membership and communicate the decision within a period of three months from the date of receipt of the application.

11. NOMINAL MEMBER

- (1) Any person who is a co-partner or who desires to stand surety to 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 trustee securities may be enrolled as a nominal member upon his/her application in the prescribed form and on payment of Rs. 100/- as non refundable entrance fee, provided he/she resides or is gainfully engaged in any occupation within the area of operation of the Bank.

- (2) The nominal member shall not be entitled :
 - (a) To receive a share certificate :

 - (b) To received audited accounts and annual report of the Bank :

 - (c) To attend, to participate and to vote in the General Body Meeting and/or special General Meeting of the Bank; and

 - (d) To receive dividend.

 - (e) Shall not be entitled to any share, in any form whatsoever, in the assets or profits of the Bank

 - (f) To represent the Bank

- (3) A Co-operative 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 byelaw.

12. JOINT SHAREHOLDERS

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

- (1) On death of a joint holder, the surviving person/persons shall be recognised as joint share holder/holders;

- (2) 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.

- (3) 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/she shall be entitled to receive the annual dividend and notice of the General Body Meeting and if present in the General Body Meeting, shall have the right to vote. But in his/her absence the person name stands second and in the absence

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

13. SHARE CERTIFICATE

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

14. TRANSFER OF SHARES

- (1) A member may transfer his/her shares after holding them for not less than one year to any person duly approved by the Board of Directors. The transfer shall not be complete until the name of the transferee has been duly entered in the Register of members and the transfer fee of Rs. 5/- per share is paid. On death of a Member, share/shares shall be transfer in name of nominee and no transfer fees is taken.
- (2) If any share certificate be worn out, defaced, destroyed or lost, new share certificate/s may be issued in lieu thereof on payment of a fee of Rs. 25/- per share certificate. 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, on such Indemnity Bond as the Board of Directors may deem sufficient.

15. RESIGNATION, CESSATION AND EXPULSION OF MEMBER

- (1) A member may resign his/her membership and withdraw his/her capital with the approval of the Board of Directors. The approval shall not be given while such a member is indebted to the Bank or is a guarantor in any other account of the Bank.
- (2) 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 No. 9.
 - (d) On transfer of all the shares;
 - (e) On resignation or withdrawal of membership having been accepted.
- (3) A member may be expelled as provided in section 36 of the Act and Rules made there under. Shares held by an expelled member are liable to be forfeited.
- (4) Transfer of shares may be declined to a member.

- (a) If the member be indebted or is liable as surety to another member who is indebted to the Bank;
 - (b) If the Transferee does not fulfill the conditions prescribed under byelaw No. 9 and 14(1).
 - (c) If the member does not want to transfer all the shares held by him/her.
- (5) During any Financial Year, the aggregate withdrawals of shares should not exceed 10 percent of the total Paid up Share Capital as at 31st March of preceding year provided the real or exchangeable value of Paid up Share Capital and Reserves does not stand reduced to less than Rs. 1.00 lakh as per Section 11(1) of the Banking Regulation Act, 1949 (as applicable to Co-operative societies) as a result of such withdrawals.

16. NOMINATION

A member may nominate a person to receive the member's interest in the Bank after his/her death. Nomination shall be made in the prescribed form and entered in the register specifically maintained for the purpose 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 Rupee one for every subsequent nomination.

17. DEATH OF MEMBER

On death of a member, the Bank may pay to person or persons nominated a sum representing the value of the member's interest in the Bank within 6 months from the death of the member.

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 member on his/her 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/her on account of deposits and interest thereon or on any other account less the amounts due by him/her to the Bank.

18. LIABILITY OF A MEMBER

The liability of a member shall be limited to the capital represented by the share or shares of which such member is the registered share holder. The liability of a past or a deceased member shall be as provided in the Act & Rules.

19. LIEN ON SHARES, DIVIDENDS AND 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/her 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.

20. GENERAL BODY

- A. The First General Body Meeting of the members following its registration shall have the same powers as are vested in the Annual General Meeting under these byelaws.
- B. (1) Subject to the provisions of the Gujarat State Co-operative Societies Act and the Rules, the final authority shall vest in the General Body.
- (2) General Body Meeting shall be of two kinds viz. Annual General Body Meeting and Special General Body Meeting.
- (3) The Annual General Body Meeting shall be called once on or before 30th September every year.
- (4) The special General Body Meeting may be called any time by majority of members of the Board of Directors and shall be called by Board of directors or a person duly authorized by Board of Directors within one month of the requisition:
- (a) On a written requisition from the Registrar, Co-operative Societies
- (b) On a request of the chairman of a federal society with which the Bank is associated.
- (c) On receipt of a written proposal from the 1/5th of total members of the Bank.

If a special general meeting is not called in accordance with the requisition referred to above the Registrar or any person authorized by him in that behalf, shall have power to call such meeting, which shall be deemed to be a meeting duly called by the Board of Directors.

21. BUSINESS OF THE ANNUAL GENERAL BODY MEETING

The business of the Annual General Body Meeting shall be:

- (1) To approve the minutes of the previous General Body Meeting.
- (2) To consider the Board of Directors' Report on the working of the Bank for the preceding year, together with the audited statements of accounts including the Balance Sheet and Profit and loss account for the year.
- (3) To sanction appropriation of profits and to declare dividend at a rate not exceeding the rate recommended by the Board of Directors and as prescribed in the Gujarat State Co-operatives Societies Act and Rules.
- (4) To consider communications from the Registrar and/or Auditor relating to the annual audit.
- (5) To appoint duly qualified Auditors, if necessary, for the ensuing year for conducting statutory audit and give powers to the Board of Directors to fix their remuneration.

- (6) To declare the result of the election of the Board of Directors held as per Election Rules prescribed and approved by the Registrar.
- (7) To consider any other subject of which proper notice has been given as prescribed.
- (8) With the permission of 2/3 the members present at the Annual General Body 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 :
 - (a) Expulsion of a member, or
 - (b) Amendment to Bank's Byelaws

22. BUSINESS OF SPECIAL GENERAL BODY MEETING

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

23. NOTICE OF ANNUAL & SPECIAL GENERAL BODY MEETING

- (1) Notice of the Annual General Body 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 members at least 15 days prior to the date of the meeting.
- (2) A special General Body Meeting must be convened within 30 days as provided in byelaw No. 20 B(4) and shall transact the business as provided in byelaw No. 22.

Notice shall be sent to the registered address of each members, to the Registrar as per byelaw No. 20 B(4) (c) and to the Chairman of a federal society with which the Bank is associated as per byelaw No. 20 B(4)(d) at least 15 days prior to the date of the meeting.

- (3) Notice of the General Body Meeting shall be sent by post or by hand to each member and it shall also be placed on the Notice Board of the Bank.
- (4) Notice of the Annual and Special General Body Meeting shall state the place, date and time of the meeting. It shall also state the place, date and time of holding the adjourned meeting should it be necessary to adjourn in the absence of quorum.
- (5) None receipt on Notice by any member shall not be a valid ground for postponing or adjourning the Annual General or Special General Body Meeting. However if the rights of the majority of members are affected adversely by the meeting on this account, the decision of the Registrar as to the validity of the meeting shall be final.
- (6) Notice of the meeting shall be signed by the Managing Director/Chief Executive Officer of the Bank.

24. QUORUM

1/5 members of the total number of members as on last day of preceding year or One Hundred whichever is less shall constitute a quorum for the General Body Meeting. No business shall be transacted at such meeting unless the quorum of members is present.

25. ADJOURNMENT OF AN ANNUAL GENERAL BODY MEETING AND DISSOLUTION OF A SPECIAL GENERAL BODY MEETING.

- (1) In the absence of quorum within half an hour after the time appointed for holding of a General Body Meeting, the meeting shall stand adjourned to the date stated in the Notice of the Meeting.
- (2) In the absence of quorum, at time fixed for holding an adjourned General Body Meeting, the members present shall form the quorum.
- (3) No business other than that business for which a General Body Meeting was called shall be transacted at an adjourned meeting.
- (4) If within half an hour after the time appointed for holding a Special General Body Meeting convened on requisition by members as per Byelaw No. 20 B(4)(c), a quorum is not present, the meeting shall be dissolved.

26. CHAIRMAN OF GENERAL BODY MEETING

The Chairman of the Board of Directors shall preside over the General Body Meeting. In his absence the Vice-Chairman and in the absence of both, the members present shall elect one from amongst the members of Board of Directors to preside over the meeting. The president so elected shall vacate his chair on arrival of the Chairman of the Bank in the meeting.

27. VOTING RIGHTS

- (1) Each member shall have one vote irrespective of the number of shares held. However, no person shall exercise the right of vote at an election of a Board of Directors in a financial year unless he is a member of the bank for whole of the financial year preceding the financial year in which the election is held and continues to be such member.
- (2) Individual 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 it's partners, directors or officers to participate in the meeting and to exercise the right of vote.
- (3) The Chairman presiding over the meeting shall have casting vote, in case there is equality of votes for and against any resolution.

28. RESOLUTIONS

- (1) Resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands unless a member demands a ballot or on considering the situation of the

meeting, the Chairman shall have a power to decide whether voting be exercised by ballot in such case votes by ballot shall be taken forthwith.

- (2) 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 Body Meeting for re-considering unless 6 clear months have elapsed from the date the original resolution was passed.

29. MINUTES

- (1) Minutes of the General Body Meeting shall be recorded in the minutes Book provided for that purpose.
- (2) Minutes of a meeting shall stand confirmed as soon as the same are signed by the Chairman who presided over that meeting.

30. BOARD OF DIRECTORS

- (1) The Board of Directors shall consist of not more than 18 Directors to be elected from amongst the members of the Bank. Out of which, there shall be one seat reserved for the Scheduled Castes or Scheduled Tribes and two seats for women if Bank have members from such class or category of persons.
- (2) In the event of the State Government contributing to the share capital of the Bank, it shall be entitled to nominate not more than 1/3 or 3 Directors on the Board of Directors of the Bank, whichever number is less.
- (3) In case of none of the elected member of the Board is with suitable banking experience (at Middle/Senior Management level) &/or Chartered Accountant with banking experience, the elected board members shall co-opt at least two such professionals, one each from the two categories or both from the same category.
- (4) The term of office of elected members of the Board of Directors shall be five years from the date of election. The election of Board of Directors shall be held for all directors together. They are eligible for re-election.
- (5) The expert Director as referred to in clause (3) above may be co-opted every year.

31. CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

- (1) The Board of Directors at its first meeting after the election of Board of Directors shall elect a Chairman, Vice-Chairman and Managing Director from the elected Directors. This meeting shall be held immediately after the election of board of directors.
- (2) The Chairman shall preside over all meetings of the Board and also over the Annual and Special General Body Meeting when such meetings are called for.
- (3) 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 that meeting from among those present.

- (4) The Chairman of a meeting shall have a casting vote.
- (5) The Chairman, the Vice-Chairman and the Managing Director shall hold office for two and half years. They shall be eligible for re-election.
- (6) Terms of office of office-bearers :
- (a) A Chairman, Vice-Chairman or Managing Director of the Board shall, unless he resigns or is removed earlier, be entitled to hold office continuously for not more than two terms, i.e. five years.
- (b) A person who has held the office of a Chairman or Vice-Chairman or Managing Director continuously for two terms, shall be eligible to hold that office after a lapse of a period of not less than two terms after he ceases to hold that office.

Explanation: For the purpose of this bye-law, the expression, “term” means a term consisting of two and half years commencing from the date of the election in which Director is elected.

32. QUALIFICATIONS AND DISQUALIFICATIONS FOR BEING DIRECTOR

- (1) A person shall not be eligible for being chosen as a Director unless he/she
- (a) is continuously a member of the Bank for a period of not less than three years and continues to be such member, and
- (b) has continuously deposited in the Bank an amount of not less than Twenty Thousand rupees for a period of five years and continues to contest the election of the Board.
- (2) (a) A person shall be disqualified for being a Director if he/she ceased to possess any of the qualifications mentioned in clauses (a) & (b) of sub-section (1)
- (b) A person shall be disqualified for being chosen as or for being Director,
- (i) If such a person has made default in repayment of any loan taken from any bank or other society,
- (ii) If a company in which the person or any member of his/her family has any interest has made default in repayment of any loan taken from any bank or other society after the date when repayment of the loan has become due.
- Explanation: Member of family means a wife or, as the case may be, a husband, father, mother, son who is dependent for his maintenance and unmarried daughter
- (iii) If such person is convicted of an offence under section 115H.
- (iv) If such person is directly or indirectly any interest in any subsisting contract made with the Bank or in any property sold or purchased by the Bank or any

other transaction of the Bank except in any investment made in or any loan taken from the Bank, or

- (v) If such person is held responsible under Section 82 of the Act, or
 - (vi) If any order for recovery or costs made against such person by a Magistrate under Section of the Act 91, or
 - (vii) If order is made against such person under Section 93 of the Act , or
 - (viii) If such person is found guilty of any of the offences under Section 147 of the Act or any offence under Section 403 of the Indian Penal Code in respect of the property of any Bank/society.
- (3) A director shall cease to hold office as such if at any time during the term of office, he/she becomes disqualified for being director by reason of the provision of sub-clause (2).
- (4) If any question arises as to whether a director has ceased to hold office as such under sub-section (3), the Registrar may after giving an opportunity to the director of being heard, determines that a director has ceased to hold office, may by order remove such member.

33. VACATION OF OFFICE BY A DIRECTOR

A director shall be deemed to have vacated his/her office before the expiry of his/her term if he/she-

- (a) Becomes a defaulter either as a borrower or as a surety.
- (b) Resigns and his/her resignation is accepted and/or ceases to be a member.
- (c) Is adjusted insolvent or incurs legal disability.
- (d) Is convicted of any act or acts involving moral turpitude or who is of an unsound mind or insane.
- (e) Accepts a position of profits in the Bank.
- (f) Remains absent for 3 consecutive meetings of the Board without obtaining leave of absence.

34. VACANCY IN THE BOARD OF DIRECTORS

Vacancy in the Board of Directors occurring through death, removal, resignation or for any other reason, shall be filled by the remaining Directors by co-option from amongst the share holders who is qualified to become director of the Board when the remaining term of Board of Directors is less than half of remaining term Such Director/s shall hold office till the end of the term of Board of Directors. The Board of Directors shall fill up a casual vacancy within a period of sixty days from the date of

such vacancy, failing which the State Government shall have the power to fill up such casual vacancy out of the same class or categories of members in respect of which the casual vacancy has arisen.

If the remaining term of office of the Board of Directors is more than half of its original term, the casual vacancy shall be filled up by election.

35. 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 at least once a month. Notice of a meeting of the Board of Directors together with the agenda of the Meeting and detailed notes thereon, if necessary, shall be sent to all the directors at least 3 days prior to the date of the meeting.

36. QUORUM

5 Directors shall form the quorum.

37. POWERS OF THE BOARD OF DIRECTORS

- (1) To consider applications for membership, allotment, transfer of shares and registration.
- (2) To raise with or without security loans, overdrafts and cash credits and to approve the terms and conditions of such borrowings.
- (3) To approve the annual balance sheet, statements of profit and loss account, and other statements and the Annual Report of the working of the Bank for being placed before members at the Annual General Body Meeting.
- (4) To consider applications for loans and advances and discounting of bills and to determine the terms and conditions thereof and to see the proper utilisation of loans for the purpose for which they are advanced.
- (5) To enter into participative arrangements with any commercial or co-operative bank and financial corporation for the purposes 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.
- (6) 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.
- (7) To consider proposal to modify, alter, delete and add to the terms and conditions governing the outstanding loans, overdrafts, cash credits and advances due from constituents.

- (8) To approve investment of moneys belonging to the Bank in Government and other trustee securities, deposits and other approved securities.
- (9) 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 of the Directors and the Chief Executive Officer powers for the purpose of purchase, sale and/or pledge as the case may be.
- (10) To consider proposal for opening branches.
- (11) To fix the rate of interest – Rates on Deposits and Loans/Advances as per guidelines issued by RBI from time to time.
 - (a) To fix the service charges as per guidelines issued by RBI from time to time.
- (12) To refer any dispute by or against the Bank to the Registrar or to any other officer duly appointed for this purpose.
- (13) To institute, defend, conduct compromise, abandon or withdraw any legal proceedings by or against the Bank, or the Board or its officers or employees.
- (14) To approve appointment of brokers and agents and fix their remuneration.
- (15) To consider proposals for creating posts of officers and junior and other staff on the Bank's establishment and to frame rules and regulations prescribing the procedure for filling the vacancies either by direct recruitment or by promotion from the existing members of the staff and fix their qualifications, scales of pay and other allowances.
- (16) To appoint a Chief Executive Officer for efficient conduct of the Bank's business and to fix his remuneration and to frame rules governing the disciplinary action against the earning employees including the Chief Executive Officer of the Bank.
- (17) To appoint a staff Committee every year consisting of the Chairman, Vice-Chairman, 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.
- (18) To consider payment 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.
- (19) To prepare annual budget estimates within which the Chief Executive Officer may incur expenditure for proper and efficient working of the Bank.
- (20) To accept deposits of all kinds and types.
- (21) To appoint a sub-committee or committees and a Branch Committee/s consisting of not more than 5 Directors including the Chairman of the committee and to delegate

such powers as the Board may deem fit. Committee members of the sub-committee will nominate one director as Chairman of the Committee, Office-bearers and C.E.O. shall be Ex-officio member of such committee/s appointed by the Board.

- (22) To arrange for election of Directors of the Board.
- (23) To open Banking accounts with any Bank or financial institution and to authorize officers of the Bank to deal with the same.
- (24) To fill in, by election or co-option as the case may be, casual vacancies occurring in the Board of Directors and also to co-opt expert Directors.
- (25) To secure membership of or affiliation to appropriate institutions.
- (26) To establish and support the Provident Fund scheme for the benefit of the staff.
- (27) To nominate representatives of the Bank on the various Committees, General Body Meetings whenever necessary, and for attending conferences, seminars etc.
- (28) To make, alter, rescind or abrogate the rules and regulations governing the staff of the Bank from time to time regarding the following:
 - (a) Provident Fund, Bonus and Gratuity
 - (b) Service Rules and Regulations
 - (c) To fix sitting fees, T.A. and D.A. etc. for the members of the Board of Directors for attending meeting of the Board, subcommittee-committees and their out station journeys for the work of the Bank as prescribed under Act and Rules.
 - (d) Election Rules
The approval of the Annual General Body and the Registrar shall be obtained in respect of Election Rules.
- (29) To perform all acts connected with the management and administration of the Bank and to undertake all activities and business to further the aims and objects of the Bank.
- (30) To delegate any or some powers/delegations of the Board of Directors to the Chairman, the Managing Director, Chief Executive Officer.
- (31) Ensurance of certain things by Board of Directors. Board of Directors shall ensure and supervise the duties/task entrusted in terms of section 115F of the Act.
- (32) (1) In case of overdue advance account, if entire repayment is forthcoming, in deserving cases, the Board of Directors, will have powers to allow concession in rate of interest.

(2) In case of Doubtful or loss assets, despite of all legal actions, amount is not recovered or not recoverable, the Board of Directors can write-off partial of entire outstanding to the debit of bad & doubtful debt reserve or from present income. And will be shown separately in the balance sheet and post facto sanction will be obtained in next Annual General Body.

(33) Delegation of Powers

To delegate powers to Chairman, Vice Chairman, Managing Director & General Manager or any other officer for Loans/Advances and Expenses with the approval of the Board of Directors.

38. IN CASE OF DEFECTIVE APPOINTMENT

All acts done in good faith by the Board of Directors or any person acting as a member of the Board shall notwithstanding that it is afterwards discovered that there was some defect in the appointment of such Board of person, be as valid as if the Board or every such person has been duly appointed. However as soon as the defect is discovered, such defective appointment shall be cancelled at the earliest and appointment of the Board or a member of the Board of Directors shall be legally made.

39. No director shall remain present or vote on any matter when the deliberations in which his personal interest is involved or discussed in the meeting or the Board.

40. MINUTES

The Minutes of the meeting of the Board of Directors, sub-committee or committees shall be recorded in the Minutes Book, specifically provided for the purpose, 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.

41. CHAIRMAN

The power and duties of the Chairman shall be as under:

- (1) To preside over the General Body Meeting, Meeting of the Board of Directors, sub-committee or committees meeting, and
- (2) To supervise and control the general working of the bank.

42. MANAGING DIRECTOR

The duties of the Managing Director if appointed shall be as under:

- (1) To take action on the resolutions and decisions taken by the General Body and Board of Directors.
- (2) To convene the meeting of the general Body, Board of Directors sub-committees with the consent of the Chairman and to carry out its decisions.
- (3) To conduct correspondence on behalf of the Bank.
- (4) To scrutinize the applications for membership of the bank and for additional shares and applications for loans and pass his recommendations thereon.

- (5) To seek orders from the staff Committee for appointment of staff 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.
- (6) To allot work amongst the bank's staff and supervise their work.
- (7) To take disciplinary action against the Bank's staff in according with the Service Rules and Regulations.
- (8) To issue orders of transfer of staff whenever necessary.
- (9) To arrange for investments of moneys in accordance with Boards policy and to report the same to the Board of Directors in its next meeting.
- (10) To exercise such other power and discharge such other duties as may be delegated or entrusted to him by the Board of Directors.
- (11) To exercise control over the Chief Executive Officer and the entire establishment in respect of administration of money matters and other works of the Bank with the consent of the Chairman.

43. CHIEF EXECUTIVE OFFICER

The duties of the Chief Executive Officer subject to the general control of the Chairman and the Managing Director will be as under:

- 1) To conduct correspondence of the Bank and to maintain all books of accounts registers and ledgers as may have been prescribed under the Gujarat State Cooperative Societies Act, Rules and the Byelaws.
- 2) To receive applications for membership of the Bank, additional shares, for enrollment of nominal members and put before the Managing Director with his report and comments.
- 3) To receive applications for loans/ advances and to place before the Loan committee for its consideration and thereafter if limit is beyond the delegation of loan committee it should be put before the Board of Directors for their consideration and sanction.
- 4) To accept deposits of all kinds and types and to arrange for issue of receipts, statements and pass books.
- 5) To receive applications for withdrawal of deposits etc. and to dispose of according to the power given by the Board of Directors.
- 6) To receive and disburse moneys on behalf of the Bank as ordered by the Board of Directors.
- 7) To be the custodian of cash on hand, property both movable and immovable, documents, securities and bonds.
- 8) To allot work amongst the subordinate staff and to supervise their work.
- 9) To pass orders on leave applications, travelling allowance bills, medical bills and other permissible bills of the staff.

- 10) To recommend transfer of staff whenever necessary.
- 11) To incur expenditure within the budget approved by the Board of Directors with the approval of the Chairman or the managing Director.
- 12) 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 or by the Managing Director.
- 13) To sanction loans as per the powers delegated to him by the Board of Directors and place a statement of such loans sanctioned before the next meeting of the Board of Directors for its rectification.
- 14) To file returns or authorize any officer for the same, as provided under Section 41A of the act within six months of the closure of every financial year to such authority as may be designated by the State Government for the purpose, the returns including following namely;
 - (a) Annual report of its activities
 - (b) Its audited statement of accounts
 - (c) Plan for surplus disposal as approved by the general body of a society
 - (d) List of amendments to the bye-laws of the society, if any
 - (e) Declaration regarding date of holding of its general meeting and conduct of elections when due, and
 - (f) Any other information required by the Registrar in pursuance of any of the provisions of the Act

44. LOANS AND ADVANCES

- 1) 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 the Reserve Bank of India from time to time relating to loans and advances of the Bank.
 - i) Personal security and/or surety/sureties of other member/members.
 - ii) Collateral security of movable or 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, shares of approved companies, debentures and fixed deposits with the Bank.
 - v) Life 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) Unsecured Loans/Advances

Unsecured Loans/Advances with or without surety of for cheque purchase upto the amount as per RBI guidelines.

2) Short term loans will be for a period up to 15 months, medium term for 15 months to 5 years and long term loans over 5 years.

45. DEPOSITS

Deposits on current, savings, fixed, recurring, cumulative and under any other special scheme/s may be received at any time within the limits determined under the Cooperative Societies Act and rules, at 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.

46. APPROPRIATION OF PROFITS

1) The net profit of the Bank shall be calculated as per the provisions of the Co-operative Societies Act and rules.

2) The General Body Meeting on the recommendation of the Board of directors may appropriate the net profit as under:

a) To carry not less than 25% to the Statutory Reserve Fund or such other higher proportion as is prescribed under the Co-operative Societies Act and rules.

(1) To carry not less than 15 percent to the Special Bad debt Reserve or such other higher proportion as is prescribed under Co-op. Societies Acts/Rules.

b) To carry not more than 1% to the Charity Fund

c) To pay to share holder members Dividend not exceeding the maximum as permitted under the Co-operative Societies Act.

d) To contribute for education fund as per Section 69 of the Act and Rules there under

e) To carry to the Building Fund, Dividend Equalization Fund and any other funds created by the Bank. The balance, if any, after appropriation as above shall be carried over to the next year.

47. RESERVE FUND

1) In addition to the prescribed under the Cooperative Societies Act, Rules and Byelaws, all entrance fees, nominal membership fees, amount of forfeited shares and dividends and donations shall be carried to the Reserve Fund.

- 2) Any loss occurring as the net result of the Year's 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.

48. DIVIDEND

- 1) The dividend declared shall be paid to the person whose name stands as the registered share holder member in the Register of members on the last day of the financial year to which the dividend relates.
- 2) 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 share holder member.
- 3) Dividend shall be payable at par at Bank's Head Office as well at the branches.
- 4) Any dividend remaining undrawn or unclaimed for 3 years after having been declared shall be forfeited and carried to the Reserve Fund.
- 5) Unpaid Dividend shall be payable on application provided the same has not been forfeited.

49. ACCOUNTS AND RECORDS

- 1) 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 consider necessary.
- 2) Any member of the Bank may inspect any of the registers or records during office hours in so far as they relate to his/her own business transaction, on obtaining in advance the date and time convenient to the Bank.

50. AUDIT

The accounts and documents of the Bank shall be audited by an auditor appointed by the Registrar or the Bank. It shall be the duty of the Board of Directors to produce all requisite books, registers and documents as required by the auditor.

51. SEAL

The Bank shall have a Common Seal which will remain in the custody of the Chief Executive Officer and shall be affixed in the presence of a Director and the Chief executive Officer as per a specific resolution of the Board of Directors.

52. AMENDMENT OF BYE-LAWS

- 1) None of these byelaws shall be added to, amended, altered or rescinded except by a vote of the majority consisting of not less than 2/3 of the members present and voting at a General Body Meeting.
- 2) Any addition, amendment, alteration or rescission resolved upon at such meeting shall take effect from the receipt of the Registrar's approval in writing.

53. Any matter not covered in these byelaws, shall be decided or disposed off as per Gujarat State Cooperative Societies Act and rules or shall be referred to the Registrar and his decision shall be final.

54. If any dispute arise relating to interpretation of any of these bye-laws, it shall be referred to the Registrar for his opinion.

55. 30/7 Constitution of Board of Management, Function and Rules

1) No. of Members:

Board of Directors shall appoint minimum 5 and maximum 6 members in Board of Management as per requirement of the Bank. Maximum 50% members of Board of Directors shall be taken for Constituting Board of Management and at least 50% members havinf special qualification.

2) Eligibility:

Eligibility of Board Of Management means:

1. Accountancy
2. Agriculture and Rural Economy
3. Banking
4. Cooperation
5. Economics
6. Finance
7. Law
8. Small Scale Industry
9. Information Technology
10. Any other specialized knowledge, which would be useful to the Bank

3) Duration Of Meeting

Board of Management shall conduct meeting as and when needed.

4) Quorum:

The quorum for the meeting shall be 33% of the total number of members. Due to lack of quorum the meeting shall be postponed for 1 hour.

5) Chairmanship:

The Chairman of Board of Management shall be decided by member of Board of Management and/ or Board of Director shall appoint Chairman of Board of management by passing Resolution in time to time, whose duration is as per duration of Board of Directors. At Any case the Chairman of Board of Management and the Chairman of Board of Director shall not be the same.

6) Sitting Fee

The sitting fees shall be paid as per circular of the Regulatory Authority, as decided by the Board of Directors from time to time within the limit of the Regulatory law.

7) Convenience Allowance

Allowance to the members to attend meeting shall be paid as per circular of the Regulatory Authority, as decided by the Board of Directors from time to time within the limit of the Regulatory law.

8) Tenure:

The tenure of Board of Management is as decided by the Board of Directors or as per the tenure of the Board of Directors whichever is earlier.

9) Function of Board of Management:

Board of Management shall be responsible towards the Board of Directors. Key Responsibilities of Board of Management shall be includes Credit Management, Risk Management, Liquidity Management, in addition to

- 1) Rendering expert advice on all proposals being put up to the Board or any Committee of the Board for sanction of loans
- 2) Recommending action for recovery of NPAs, One Time Settlement or Compromise Settlement and assisting the Board in monitoring the same
- 3) Overseeing the management of funds and borrowings in the bank
- 4) Recommending proposals for investment of bank's funds as per the board approved policy.
- 5) Oversight on internal controls and systems and risk management in the bank.
- 6) Exercising oversight on implementation of computerisation, technology adoption and other incidental issues in the bank.
- 7) Overseeing internal audit and inspection functions including compliance
- 8) Oversight on complaint redressal system.
- 9) Any other responsibility as may be delegated to it by the BoD. In the event where the BoD differs with the recommendations of BoM, it shall do so by recording, in writing, the reasons thereof.

Disqualification of Board of Management is as per Bye-Laws and RBI guidelines.

10) Declaration Guarantees:

Declarations and Guarantees must be issue by each member of Board of Management as decided by Board of Directors from time to time and shall carry out a process of due diligence as per RBI's 'fit and proper' criteria and appoint them as the member of the Bard of Management based on RBI approval.

11) In case of resignation of any member of Board of Management and if that member is Co-opted member, the Governing body shall have the right to Co-opt a new member within a period of three Months.

12) Any Member of Board of Directors shall join Board of Management and in case he/she resign, he/she shall be subject to the Rules of election of the member of Board of Directors.

13) The Chief Executive Officer (CEO) shall be according to the "fit & proper" criteria of RBI, who's appointment is subject to approval of RBI. Permission of Annual General Meeting is required before submitting it to the RBI.

14) Chief Executive Officer (CEO) is Ex-Officio member of Board of Directors as well as Board of Management.

15) In case of any member of Board of Management and CEO is not found to be satisfactory by the RBI and dismiss, the Board of Directors may appoint member of Board of management/ CEO within three months after prior approval of RBI.

BABULAL A. SINGHVI
CHAIRMAN

THE GANDHIDHAM MER. CO-OP. BANK LTD.

PLACE: GANDHIDHAM- KUTCH

Amended up to 30/07/2019