

**PROPOSED ENBLOC AMMENDMENT OF BYE-LAW**

**BYE-LAWS OF**

**The Accountant General's Office Employees'  
Co-operative Bank Limited, Bangalore**

No. 1, Residency Park Road, Bangalore 560 001

**1. NAME OF THE BANK**

The Name of the Bank shall be **"The Accountant General's Office Employees' Co-Operative Bank Limited"**.

**2. REGISTERED OFFICE**

The address of the Registered Office of the Bank Shall be No. 1, Park House Road, Bangalore 560 001 (Karnataka State). Any change in the above address shall be intimated to the Reserve Bank of India and the Registrar of Co-operative Societies within thirty days from the date of occurrence of such a change. Such a change of address shall also be immediately published in a local newspaper and displayed on the banks' notice board.

**3. AREA OF OPERATION OF THE BANK**

The area of operation of the bank shall be confined to Karnataka State for any revision in this regard, prior approval of the Reserve Bank of India (except for extension of area of operation within the district of registration) shall be necessary, as per the instructions issued from time to time.

**4. INTERPRETATION OF WORDS**

Unless the context otherwise requires, the words and expressions contained in these bye-laws shall bear the same meaning as in the Karnataka Co-operative Societies Act 1959 and Karnataka Co-operative Societies Rules, 1960 or in any statutory modifications thereof in force from time to time or in the rules made there under.

- a. **"Act"** means Karnataka co operative societies act, 1959, as amended from time to time.
- b. **"Rules"** means Karnataka Co-Operative Societies Rules, 1960 as amended from time to time.
- c. **"Government"** means the Government of Karnataka.
- d. **"Registrar"** means the Registrar of Co-Operative Societies as defined in the Karnataka co-operative societies Act 1959.
- e. **"Area"** means the area of operation of the Bank.
- f. **"Bank"** means The Accountant General's office Employees' Co-Operative Bank Ltd. Bangalore and includes any of its establishment described as Branch. Sub-branch office, Sub-Office and Pay Office etc., by whatever name described.
- g. **"Bye-laws"** means, the bye-laws of the bank framed for regulating the affairs of the bank in accordance with the provisions of the Act and the rules and include their such amendments, if any, as may from time to time be approved and registered.
- h. **"Board"** means, the board of directors or the governing body of the bank, by whatever name called, to which the direction and control of the management of the affairs of the bank is entrusted to.
- i. **"President / Chairperson"** means, the president / Chairperson of the bank elected under the provisions of the Act, the rules and these bye-laws.

- j. **“Vice-President / Vice-Chairperson”** means, a person elected as vice-president / Vice-Chairperson under the provisions of the Act, the rules and these bye-laws.
- k. **“Director”** means, a member of the board duly elected or nominated or co-opted in accordance with the Act, the rules and the byelaws.
- l. **“Member”** means, a person who has contributed towards the initial share capital before registration or who has signed the application for registration or who has been admitted to the membership of the bank in accordance with the Act, the rules and the bye-laws and holds atleast 5 Shares of Rs. 100/- per share. This includes an associate member also.
- m. **“Associate Member”** means, a person who is admitted as an associate member under these byelaws.
- n. **“Nominal Member”** means, a person who is admitted as a nominal member under these bye-laws.
- o. **“Sub-Committee”** means, a committee of directors appointed or elected by the board under these bye-laws for any specific work and for any fixed period and called by any name.
- p. **“Chief Executive”** means, the Secretary / General Manager / Manager by whatever name called and appointed by the board in accordance with section 29G of the Act and who performs the functions of the chief executive as per the Act, the Rules and the byelaws.
- q. **“Seal”** means, the common seal of the bank.
- r. **“Cooperative Year”** means, the financial year commencing from 1st April and ending on 31st day of the next March.
- s. **“Firm”** means, a partnership firm as defined in the Indian Partnership Act, 1932.
- t. **“Registered Society”** means, a society registered under the Karnataka Societies Registration Act, 1960.
- u. **“Person”** means, an adult individual or proprietary concern or firm registered under the provisions of Indian Partnership Act 1932 or a Company or LIC of India or a Body Corporate and such other non-co-operative institution as may be notified by the State Government.
- v. **“Company”** means, a company registered under the Indian Companies Act, 1956.
- w. **“Body Corporate”** means, a body or a corporation constituted under any law for the time being in force.
- x. **“He”** includes **“She”**.
- y. **“Cooperative Election Commission”** means the cooperative election commission constituted under section 13AA of the Act and vested with the power of preparation of electoral rolls for and the conduct of all elections to the bank as per the Act.
- z. **“General Body”** means all the Regular Members of the Bank.
- aa. **“General Meeting”** means a meeting of the general body convened and conducted as per the provisions of the Act, the rules and the bye-laws of the bank.
- bb. **“Representative”** means a person elected by a group of individual members of the bank to represent them and to participate on their behalf in the representative general body meeting of the bank and to contest and vote in the election of the directors of the bank in accordance with the Act, the rules and the bye-laws.
- cc. **“Delegate”** means, a director of the bank to represent it in other cooperative societies.
- dd. **“Election Officer”** means an officer appointed by the co-operative election commission as the District Election Officer to co-ordinate and supervise all work

connected with the preparation of electoral rolls for and the conduct of all elections in respect of co-operative societies whose registered offices are situated within that district and who shall exercise such powers and perform such functions as may be entrusted to him by the co-operative election commission.

- ee. **“Returning officer”** means any officer of the State Government or a local authority appointed as returning officer by the co-operative election commission for conducting the election of the representatives or the general election of the directors of the board or the election of the office-bearers of a co-operative society including elections to fill up a casual vacancy in the office of a representative or a director or an office-bearer. This includes an assistant returning officer performing any of the functions of the returning officer.

#### **5. THE AIMS AND OBJECTS OF THE BANK SHALL BE AS UNDER:**

- a. To encourage thrift, self-help and co-operation among the members and depositors of the Bank.
- b. To do Banking business as defined in clause (b) of section 5 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies) and also engage in such other business as is permitted under section 6 of the said Act, on co-operative principles.
- c. To borrow, mobilise or raise money.
- d. To prepare and finance projects to improve the economic condition of the members, particularly those belonging to weaker sections of the society.
- e. To lend money to its members to purchase on hire-purchase / hypothecation of machineries, equipments and motor vehicles as defined in the Motor Vehicles Act.
- f. To acquire, possess, construct and / or alter any sites, buildings or works necessary and convenient for the business of the Bank with the previous permission of the General Body Meeting of the Bank.
- g. To open branches, sub-branches, pay offices, etc., by whatever name called within the area of operation of the bank with the prior permission of the Reserve Bank of India and to frame rules for their business.
- h. To issue, to accept, to sell or purchase promissory notes, drafts, warrants, share certificates and other negotiable instruments on behalf of its customers.
- i. To invest surplus funds of the bank in Government promissory notes, debentures, shares, loan bonds of such co-operative societies which are guaranteed by the Government and in other institutions as are permitted under section 58 of the Act.
- j. To create funds for the promotion of co-operative education.
- k. To create funds and aid for the welfare of the members and the employees and for the education of their children subject to the rules framed by the board.
- l. To discount members short term bills or business bills, in accordance with the rules, framed by the board.
- m. To act as guarantor on behalf of the banks's members and customers by issuing guarantee to Government / Semi Government organisations.
- n. To grant loans and advances and issue travellers cheques.
- o. To receive deposits from charitable institutions, trusts and other public institutions.
- p. To accept discounting of bills, to provide safe deposit lockers and other ancillary services.
- q. To manage, sell and realise any property which may come into possession of the bank in partial/full satisfaction of its claims.

- r. To enter into Insurance business as corporate agent or without risk participation on referral basis.
- s. To promote such other businesses as will be conducive to the attainment of all or any of these objects and of the business of the Bank.
- t. To collect and transmit money and securities.
- u. To establish Death Relief Fund for the benefit of members and extend relief to the family of the deceased members.
- v. To undertake activities for the promotion of the economic welfare of the members in particular and the public in general.
- w. To engage in credit / debit cards and core banking business with the permission of the Reserve Bank
- x. To do all other activities which are required to promote and strengthen the banking activities.
- y. To create funds to be utilised for promotion of Education, subject to rules to be framed by the Board, and approved by the Registrar of Co-operative Societies.
- z. To establish or to support or to aid in the establishment or support of funds for the benefit of employees or members or dependants of such employees or members, subject to the rules framed by the Board and approved by the Registrar.
- aa. To carry on and to transact every kind of guarantee and indemnity business on behalf of constituents;
- bb. To enter into participation, consortium arrangements with another bank or banks or financial institutions with the object of making loans and advances with the prior approval of the Registrar of Co-operative Societies.
- cc. To undertake any other form of business which the central Government / State Government may specify as a form or business in which it is lawful for a co-operative banking institution to engage;

## 6. RAISING OF FUNDS

The funds for carrying out all or any of the above objects may be raised by the following ways:

- a. By issue of Shares;
- b. Accepting deposits of various kinds and by issue of cash certificates;
- c. Obtaining cash credit/overdraft or other loans from Karnataka State Co-operative Apex Bank, District Central Co-operative Banks and with the approval of general body, from any of the nationalized commercial banks;
- d. Donations;
- e. Entrance fees;
- f. Accepting subscription from members to the members death relief fund/members welfare fund;
- g. Any other means permitted under the Act.
- h. Receipts from other sources assignable to working capital.

## 7. TYPES OF DEPOSITS

Savings deposits (b) Current deposits (c) Fixed deposits (d) Pigmy deposits (e) Recurring deposits (f) Provident fund deposits (g) Cash certificates h) any other type of deposit as decided by the board from time to time.

**NOTE:** To accept those deposits, the board shall frame subsidiary rules in accordance with the directives issued by the Reserve Bank of India from time to time.

## **8. LOANS AND DEPOSITS**

Loan and deposits may be accepted for fixed periods as specified in the rules and regulations at such rate of interest and upto such limits and on such terms and conditions as may be determined by the board subject to the directives issued by the Reserve Bank from time to time.

## **9. INVESTMENT OF FUNDS**

The funds of the Bank when not employed in the business of the Bank shall be invested or deposited in the manner laid down in section 58 of the Karnataka Co-operative Societies Act, 1959, or as per circular instructions of the Registrar, and the directives of the Reserve Bank of India from time to time.

## **10. BANK'S AUTHORISED SHARE CAPITAL**

The face value of each share of the bank shall be Rs. 100/- each. The full value of the share shall be paid in one lump sum, along with the application. The Authorised share capital of the Bank shall be decided by the General body from time to time.

## **11. APPLICATION FOR SHARES**

Each application for shares shall be in writing, addressed to the Chief Executive. Each such application shall be submitted along with the full value of at least 5 shares, share fee of Rs.5/- per share and an admission fee of Rs.50/-. The board shall dispose of such application within two months from the date of receipt.

### **a. EXTENT OF SHARE HOLDING**

The extent of share holding by a member shall be decided by the Board from time to time and as laid down under section 22 of the Karnataka Co-operative Societies Act, 1959, amended from time to time.

## **12. SHARE CERTIFICATE**

The share certificates issued to the members shall have serial number and the seal of the bank and shall be signed by the president, and the Chief Executive. The share certificates shall be issued to the members within thirty days, from the date of the resolution of the board.

## **13. ISSUE OF DUPLICATE SHARE CERTIFICATES**

If the share certificates are defaced or mutilated, torn or worn-out or lost, duplicate share certificates shall be issued on return of such share certificates. In case of destroyed or lost share certificates, duplicate share certificates may be issued on production of an indemnity bond to the satisfaction of the board. Such share certificates shall be issued and marked as "duplicate" on payment of Rs 100/- per share certificate

## **14. TRANSFER OF SHARES**

A member may apply for the transfer of shares to another member of the Bank to the Board. A fee of Re.10 per share subject to a maximum of Rs. 100/- proposed to be transferred shall be recovered from the transferer. No such transfer of shares shall be made unless the member held such shares for at least three years and tenders his share certificates with his written application for transfer along with the written acceptance of the transferee and necessary fees. No transfer shall be valid until it is accepted by the Board and registered in the books of the Bank.

The board may not accept any transfer until the transferer fulfils the conditions required by these bye-laws and may reject any transfer application.

**Note:** The value of the shares so transferred shall be calculated in the manner provided in rule 12 of the rules.

The Board may decline to register any transfer of shares in respect whereof any member is indebted to the Bank in any way.

## **15. WITHDRAWAL OF SHARES AND ITS VALUATION**

No member shall be permitted to withdraw in cash any share or shares unless he resigns his membership and his resignation is accepted by the Board. The value of shares thus refunded should be calculated in the manner provided in Rule 12 of the Karnataka Co-operative Societies Rules, 1960.

## **16. ADMISSION OF MEMBER AND ELIGIBILITY**

### **a. The following are eligible for admission as members of the bank**

16.a.1. An individual competent to contract under section 11 of the Indian contract Act (Central Act IX 1872) and any other person as defined under the Bye –law 4.21

16.a.2. No co-operative society registered under the Act shall be eligible to become a member of the bank.

### **b. Qualifications for Admission**

16.b.1. An individual who is above 18 years of age and who can enter into legal contract.

16.b.2. Persons who are Employees of the Indian Audit and Accounts Department i.e., The Offices of the Accountants General, Karnataka Bangalore., offices of the Member, Audit Board and Ex-officio Director of Commercial Audit, Karnataka, Bangalore. etc.,

16.b.3. A person should have completed atleast 1 year of service in the above mentioned offices.

16.b.4. A Member who has been Associate member for continuous 2 years are eligible to become a regular member. Such member shall apply in the prescribed format and shall be approved by the board.

16.b.5. Members transferred consequent on the Departmentalisation of Central Accounts and are working in various Pay and Accounts Offices.

16.b.6. And he is not member of any other primary co-operative Bank or Credit Co-operative Society.

16.b.7. A person who is not disqualified under section 17 of the Act.

16.b.8. Person who desire to become members shall apply in writing together with payment of the value of atleast five shares along with share fee of Rs 5/- Per share and admission fee of Rs 50/-

16.b.9. No person can exercise the rights of membership unless he has made such payments to the bank in respect of membership or has acquired such interest in the bank as may be specified in the bye-laws.

16.b.10. He has applied for membership atleast one year after withdrawing of his earlier membership

## **17. APPLICATION FOR MEMBERSHIP**

Any person seeking admission to the membership of the bank shall make an application to the Secretary / Chief Executive of the bank in the form prescribed for the purpose. The board shall have power to either accept or reject any of such applications. In case membership is refused, the amount paid by the applicant shall be refunded to him in full except the application fee. The applicant shall be informed in writing about the rejection

within twenty days from the date of taking such a decision. If, within two months from the date of application for admission as member, either acceptance or rejection is not communicated to the applicant, it shall be deemed to have been rejected on the last day of the said period for the purpose of filing an appeal to the general body under section 105A of the Act

a. **Nominal Members**

The members who have retired from the office of the Indian Audit and Accounts Department i.e., The Offices of the Accountants General, Karnataka Bangalore., offices of the Member, Audit Board and Ex-officio Director of Commercial Audit, Karnataka, Bangalore. etc., are eligible to become nominal members of the Bank.

b. **Associate Members**

Membership to staff of P&T Audit, Railway Audit, Defence Audit, Air Force and other audit department who belong to Indian Audit & Accounts Department.

## **18. DUTIES OF A MEMBER**

Any member of the bank shall –

- a. Not be an employee either of the bank or of its financing agency;
- b. be eligible to get membership as per Section 16 of the Act;
- c. be working within the area of operation of the bank and shall not engage himself in any activity or business of the kind carried on by the bank;
- d. have paid such minimum value of the share and deposit as may be specified in the byelaws;
- e. Attend every general meeting of the bank normally. But it shall be mandatory for him to attend at least three (3) annual general meetings out of the last five (5) annual general meetings
- f. Study the agenda and notes before attending a general meeting, participate actively in the discussions and express his views. If need be, he shall have a right to express his dissent on any resolution
- g. not be a defaulter in respect of loan taken from the bank or any other dues payable to the Bank
- h. disclose to the bank the fact of his membership in other cooperative societies;
- i. nominate a person entitled to get his share or any other interest from the bank on his death;
- j. obtain identity card from the bank immediately on becoming a member
- k. intimate any change in the place of residence or his postal address to the bank within fifteen days from the date of such change pay to the bank after receipt of a notice issued by the bank to pay such additional amount, in the event of increase of the face value of the share capital required for getting membership right
- l. not indulge in any activity detrimental to the interest of the bank
- m. not be a party to a resolution contrary to the provisions of the Act, the rules or the bye-laws or any resolution which is detrimental to the interest of the bank

## **19. RIGHTS & RESPONSIBILITIES OF A MEMBER**

- a. A member of the bank shall have a right to-
  - 19.a.1. Know about the affairs of the bank
  - 19.a.2. Participate and vote in the general meeting of the bank;
  - 19.a.3. participate, contest and vote in the election of the directors
  - 19.a.4. Have access to the books, information and accounts of the bank kept in regular transaction of its business with him

- 19.a.5. Get loans and advances as per the rules of the bank subject to the regulations of the Reserve Bank
- 19.a.6. Get dividend on distribution of profit
- 19.a.7. Get a copy of the statutory audit report
- 19.a.8. Get a copy of the statutory inquiry or inspection report, if any
- 19.a.9. Suggest action to be taken for rectification of the defects and remedying of the irregularities pointed out in the audit or inquiry or inspection reports
- 19.a.10. Get copies of the notes, information and reports relating to every subject on the agenda of the notice of the general meeting (including the proceedings of the previous general meeting) and get copies of the notes, information and reports that are furnished to the members at the time of conducting general meeting
- b. If a member has defaulted in the repayment of loan or payment of any other dues, such member shall not have a right to vote in the general meeting and to participate, contest and vote in the election of the directors
- c. If a member of the bank has failed to utilize such minimum services or facilities every year as may be specified in the byelaws (No. 20) for a continuous period of three consecutive years, such member shall not have a right to vote in the general meeting and to participate, contest and vote in the election of the directors

## **20. MINIMUM SERVICES OR FACILITIES TO BE UTILISED BY A MEMBER**

- a. If offered by the bank, the following shall be the minimum services or facilities to be utilized by each member-
  - 20.a.1. A member shall have minimum share capital of five hundred rupees;
  - 20.a.2. A member shall have minimum deposit of two thousand five hundred rupees; or if the member is desirous of availing a loan, the amount of loan requested subject to the limit fixed by the bank;
  - 20.a.3. A member shall have at least ten operations per annum in his current or savings bank account maintained with the bank.
- b. The deposit mentioned above shall be the aggregate amount of all types of deposits (demand and time) maintained with the bank throughout the year.
- c. The direction issued by the Reserve Bank regarding 'know your customer (KYC)' shall be applied to every member of the bank.
- d. The loan amount shall be the limit sanctioned by the bank and utilised by the member. This shall be applicable for the entire loan period.

## **21. CESSATION OF MEMBERSHIP**

- a. If any person who is a member of the bank
  - 21.a.1. On permanently ceasing to be in service with IA & AD dept except as per 16.2.4 of the Bye-Law.
  - 21.a.2. dies;
  - 21.a.3. resigns from the membership and his resignation accepted by the board;
  - 21.a.4. is not eligible for admission to the membership under Section 16 of the Act
  - 21.a.5. has incurred disqualification for continuance as a member under section 17 of the Act
  - 21.a.6. On his acquiring disqualification as provided in section 17(1) on the Karnataka Co-operative Societies act, 1959;
  - 21.a.7. is a paid employee of the bank or of its financing agency
  - 21.a.8. as such member, fails to transact such minimum business or utilize such



minimum services or facilities every year as specified in the byelaws for a continuous period of three years

21.a.9. Transfers all his shares or if all his shares are forfeited or adjusted or set off

He or She shall cease to be the member of the bank forthwith.

- b. If a person becomes subject to any of the disqualifications mentioned in clause (21.1) of this bye-law, the board shall decide the question of cessation in accordance with the provisions of the Act, the rules and the bye-laws after giving an opportunity of being heard to such person.
- c. On such determination about cessation of a person to be a member of the bank under clause(21.3) of this bye-law, the board shall remove his name from the list of members and shall pay back the value of shares together with dividend declared, if any, after adjusting any dues to the bank from him. The value of the shares shall be ascertained in the manner provided under rule 12 of the rules.
- d. On breach of any condition prescribed order bye-law No.16
- e. Willful attempts to deceive or defraud the bank by false statements or fictitious documents.

### **EXCEPTIONS**

- a. The Bank shall have power to remove any member for any act which in its opinion is likely to be injurious to the credit, reputation on interest of the bank or serious breach of the bye-law or subsidiary rule.
- b. If a member ceases to be a member under the Bye-law the board shall remove his name from the list of members after giving due notice and shall pay back the value of shares, along with dividend declared, if any, after deducting there from the money, if any, due from him to the bank. The value of the shares so paid shall be ascertained in the manner provided in Rule No.12 of the Karnataka Co-operative Societies Rules, 1960.

### **22. DUES FROM MEMBERS WHO CEASE TO BE MEMBERS**

On cessation of membership for any of the reasons stated in Bye-law No.21 any loan or part thereof outstanding against a person ceasing to be a member either as a principal or as surety and not already become payable shall, notwithstanding anything contained in these Bye-laws or any instrument executed by such person in favour of the Bank, become payable in full on the date of such cessation. Ordinary interest shall be charged for the first month from the date of such cessation and thereafter over-due interest under these Bye-laws shall be charged.

### **23. WITHDRAWAL / RESIGNATION FROM MEMBERSHIP**

No member shall be permitted to withdraw / resign provided

- a. He has held shares in the Bank for a period of not less than three years and has given one month's notice and has completely discharged his liability to the bank both as a principal Debtor and as a surety;
- b. His resignation is accepted by the Board.

#### **Note**

- a. The total share capital withdrawn and returned in one year should not have exceeded 10% of the aggregate share capital of the Bank as it stood on 31<sup>st</sup> March preceding.
- b. 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 withdrawal
- c. The resignation will take effect from the date on which the resignation of the member is accepted by the Board.

#### **24. ISSUE OF IDENTITY CARDS TO MEMBERS**

To facilitate easy identification of members of the bank, the board shall arrange to issue identity cards with their photographs. Every member shall supply the required number of photographs for this purpose. Such identity cards shall be used to enable the members to participate in the general body and other meetings, to exercise the right to participate in the election of the board, contest and vote therein and for doing any other business with the bank.

##### **Note**

- a. If a member has not obtained the identity card, he shall have no right to participate in the meetings or election and to contest or vote;
- b. If the identity card is lost, the member may obtain a duplicate card after paying the fee prescribed by the board. If there is no sufficient time to obtain a regular duplicate card and in the event of exigency of attending either a general meeting or an election, such member may obtain a temporary identification slip from the chief executive.

#### **25. NOMINATION**

- a. A member of the bank may nominate a person or persons to whom in the event of his death, his share or interest in the capital of the Bank shall be transferred or the value thereof or any other moneys due to him from the bank shall be paid. Such member may from time to time revoke or vary such nomination in writing on payment of prescribed fee of Rs 10/- prior approval of the Board shall be necessary if the nominee is an employee of the Bank.

A nomination made by a member in the prescribed form under this Bye-law shall not be valid and shall not in the event of death of the member, has effect unless;

25.a.1. It is made in writing and is signed by the member in the presence of at least two witnesses.

25.a.2. It is registered in the books of the bank kept for the purpose.

- b. If the nomination made by a member subsists, is recorded in the books of the bank and valid, the share and other dues payable to the deceased member shall be paid by the bank to the person or persons so nominated as per clause (1) above
- c. If no nomination is made or if the nomination so made is not valid
  - 25.c.1. if the aggregate of share amount and other dues payable by the bank does not exceed Rupees One Lakh, such amount shall be paid to those who in the opinion of the board, appear to be the heirs or legal representatives of the deceased member along with sureties by obtaining a simple bond of indemnity
  - 25.c.2. if the aggregate dues payable to the deceased member exceeds Rs. One lakh, the dues shall be paid to the legal heirs only when they produce succession / heir ship certificate from the competent court

##### **NOTE:**

The nominee / nominees or the legal heirs or the legal representatives of the deceased

who claiming the dues shall be admitted as members of the bank, if such persons are eligible to become members of the bank as per bye-law No. 16 & 17

## **26. TRANSFER OF INTEREST AND LIABILITIES ON THE DEATH OF A MEMBER**

- a. If a member dies, his membership shall ipso facto cease and his interest in the bank shall be dealt with in accordance with section 24 and 25 of the Karnataka Co-operative Societies Act, 1959;
- b. If within 3 months from the date of reliable information of the death of a member, no application for transfer / refund of his shares is received from the nominee or if there is no nominee from the heir of the deceased, the board after deducting all sums due by the deceased to the bank out of the amounts due by the bank to him transfer the balance, if any, to suspense account;
- c. The application for transfer of the shares of the deceased within the prescribed period (30 days) shall be placed by the Chief Executive Officer before the Board who on being satisfied as to the validity of the claim, may if he is already a member of the bank, transfer to him, subject to the limitation placed under Bye-law No.11.1, all or any of the shares held by the deceased;
- d. If he is not already a member, the Board may, if he is qualified. Admit him as a member and then transfer such shares held by the deceased as may be entitled to under the Bye-law;
- e. When all the shares of the deceased are not transferred but only some are, the procedure prescribed under clause (iii) shall apply as regards adjustments of the paid up share amount of the shares not transferred subject to the provisions of section 24 of Karnataka Co-operative Societies Act, 1959 ;
- f. Where there are more nominees than one or in the absence of any nominee there are more heirs than one, the application should be signed by all nominees or heirs as the case may be, or if there are minors the application should state in each case which of them should get the shares by transfer and to what extent ;
- g. Nothing contained in this Bye-law shall be deemed to prevent the Board, in special circumstances where money may be required to meet the expenses of the funeral of a deceased member or immediate or pressing needs of his family, from making such advances to such member's nominee or heir out of sums due to the deceased's account as they may think fit. Any advance granted under this Bye-law shall be adjusted to the account of the deceased and balance, if any, dealt with under clauses (ii) to (iv) above;

## **27. LIABILITIES AND RESPONSIBILITIES OF MEMBERS**

- a. The liability of each member on liquidation of the bank shall be limited to the value of shares held by him.
- b. Every member except an associate and a nominal member shall participate in the annual / special general meetings.
- c. No member shall participate in any activity which is detrimental to the interest of the bank

## **28. SURETY'S RESPONSIBILITY & LIABILITY**

- a. A surety shall be liable as equally as a borrower in respect of loans taken from the bank
- b. A surety shall be aware of the financial status, purpose of the loan and repaying capacity of the borrower before standing as surety
- c. If the dues of a member are recovered through the execution of a decree of the Court, such a member shall not be eligible either to borrow or to stand as surety to other members for a period of 6 months from the date of closure of the loan

- account
- d. If the borrower is a defaulter in respect of loans taken from the bank, the loan amount shall be recovered from the surety.

### **29. LIABILITY OF PAST MEMBER AND ESTATE OF DECEASED MEMBER**

The liability of a past member and the estate of a deceased member shall be governed by section 25 of the Act. The bank shall have a right of first charge on the member's share amount, dividend and deposits in respect of any dues from the member. The bank shall have a right to adjust the amounts payable to a member towards his dues

### **30. ADMISSION BEFORE GENERAL MEETING**

No person shall be admitted as a member within 30 days prior to the date of Annual general Meeting

### **31. REGISTER OF MEMBERS**

The bank shall prepare a list of members in the manner prescribed by the board as on the last day of each co-operative year. The list of members shall be revised on the 15th day prior to the date of the general meeting or the date of election of the board of the bank and shall include members admitted and exclude members removed during the period commencing from the date when the list was last revised ending with the date of the revision of the list

### **32. ADDRESS OF MEMBERS**

The name and address of every person admitted as a member as recorded in his application shall be entered in the register of members. All changes in the address intimated to the Chief Executive in writing by the members shall be similarly entered in the said register. All notices to the members shall be deemed to have been properly served on them if they are sent to the registered address of the members and there are valid documents for having sent the notices.

### **33. SUPPLY OF BYE-LAW COPIES TO THE MEMBERS**

Every member shall be furnished on demand with a copy of the Bye-law and subsidiary Rules at a price to be fixed by the board.

### **34. LIEN ON SHARES, DIVIDENDS AND DEPOSITS**

The bank shall have the first and paramount lien or charge upon all 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 or past member.

### **35. RIGHTS AND RESPONSIBILITIES OF AN ASSOCIATE MEMBERS**

- a.
- 35.a.1. The board may admit any individual who is above 18 years of age and is residing in the area of operation of the bank and any other person, as defined under bye-law 4.21 of these bye-laws as an associate member
- 35.a.2. The application for associate membership shall be in the form as prescribed by the board. It shall be signed by the applicant and submitted along with the full value of atleast **five** share and entrance fee of Rs. **50/-** And Rs. 5/- each per share as share fee
- 35.a.3. The applicant shall be informed in case of rejection of his application for associate membership and the entire amount paid by him except the application fee shall be refunded to him

- 35.a.4. Associate member shall be eligible for all types of loan facilities that are available to regular members as per the subsidiary rules framed by the board
- 35.a.5. An associate member shall be eligible to stand as surety to a regular member or another associate member as per subsidiary rules framed by the Board.
- 35.a.6. The liability of an associate member shall be limited to the value of shares held by him and to the liability as a borrower and as surety.
- 35.a.7. The liabilities of each associate member shall be as applicable to regular member as laid under bye-law no. 27(1) and (3)
- b. An associate member shall have no right to
  - 35.b.1. Participate and vote in the general meetings and election to the board or to receive notice thereof
  - 35.b.2. Receive a copy of the annual report, profit & loss account and balance sheet and other financial statements
  - 35.b.3. Participate in the management of the bank
  - 35.b.4. Be a member or an associate member of any other cooperative bank or Credit Co-operative society.

### **36. RIGHTS AND RESPONSIBILITIES OF NOMINAL MEMBERS**

- a. The application for nominal membership shall be in the prescribed form. It shall be signed by the applicant and a fee of Rs 50/- (Non-Refundable) paid along with the application
- b. Nominal member shall not be eligible for any type of loan facilities unless decided by the board.
- c. An Nominal member shall have no right to
  - 36.c.1. Participate and vote in the general meetings and election to the board or to receive notice thereof
  - 36.c.2. Receive a copy of the annual report, profit & loss account and balance sheet and other financial statements
  - 36.c.3. Participate in the management of the bank be a member or an associate member of any other cooperative bank or Credit Co-operative society.

### **37. ANNUAL GENERAL BODY MEETING**

- 37.a.1. Subject to the provisions of the Karnataka Co-operative Societies Act, 1959 and Rules framed there under final authority of the Bank shall vest in the General Body;
- 37.a.2. General meeting shall be of two kinds, viz., Annual General Meeting and Special General Meeting;
- 37.a.3. The annual general meeting shall be called as per section 27 of the Act before the 25th day of September every year as may be fixed by the board.

### **38. NOTICE FOR ANNUAL GENERAL MEETING**

After the decision of the board regarding the place, date and time of holding the general meeting, the chief executive shall send a notice of atleast fifteen clear days to every member of the bank. However, in case of exigency, a special general meeting may be convened by giving a notice of at least ten clear days. The notice shall clearly state the place, date, time and agenda of the meeting. The Chief Executive shall send detailed notes on each of the subjects in the agenda together with the audit report containing profit & loss account, balance sheet and other financial statements and a report on the follow up action taken by the board on such audit report along with the meeting notice. If there is a proposal

to amend the byelaws, byelaw no., the existing provision, proposed amendment and the reasons for the amendments shall also be sent along with the meeting notice. Such notice shall be published on the notice boards of the bank at its registered office and its branches and shall also be sent in the following manner.

- a. E-mail or sms; or
- b. Bulk posting at places where the facility is available; or
- c. Local delivery with suitable acknowledgment; or
- d. Ordinary post; and publication in a news paper having wider circulation in the area of operation; (a) in one Kannada news paper at places where the area of operation of the bank is less than district. (b) In one Kannada and one English news papers at places where area of operation of the bank extends to a district and above and to the whole of the state.

If there are authorized documents in the bank for having sent the notice to all the members in time, it shall be deemed that such notice has been served on the members. The proceedings of the meeting shall not become invalid merely on the ground that the said notice has not been sent to all the members.

### **39. FUNCTIONS OF ANNUAL GENERAL MEETING:**

- a. The functions of the Annual General Body meeting shall be:
  - 39.a.1. Reading and confirming the proceedings of the preceding general body meeting;
  - 39.a.2. Consideration of the annual report for the preceding year as presented by the board;
  - 39.a.3. Consideration of the audit report for the preceding year, audited balance sheet, profit and loss account and other financial statements and the action taken by the board there on;
  - 39.a.4. Consideration and adoption of the rectification reports of the earlier audit till all the defects are rectified and irregularities are remedied.
  - 39.a.5. Perusal of the action taken by the board for providing education and training to the members and preparing a plan for the same for the next year.
  - 39.a.6. Consideration of the programme of activities of the bank for the ensuing year as presented by the board.
  - 39.a.7. Review of the operational deficit of the bank if any and the programme to wipe out such deficit.
  - 39.a.8. Approval of the excess expenditure if any of the budget estimates of the preceding year and approval of the budget estimates for the ensuing year.
  - 39.a.9. Approval for appropriation of profit as per the rules and determination of the dividend.
  - 39.a.10. Consideration of the allegations, if any, made by the members about the functioning of the board.
  - 39.a.11. approval for framing of bye-laws and their amendments;
  - 39.a.12. determination of the maximum limit of borrowings to be raised from external sources by the board if necessary for the bank
  - 39.a.13. decision on bad debts considered as irrecoverable in eligible cases;
  - 39.a.14. creation of specific reserves and other funds;
  - 39.a.15. perusal of the list of employees recruited who are the relatives of the members of the board or chief executive;

- 39.a.16. framing of the code of conduct for the directors, office-bearers and employees of the bank;
  - 39.a.17. review of the note on the admission and termination of members during the preceding year;
  - 39.a.18. approval of the membership of the bank in other co op. societies;
  - 39.a.19. appointment of the auditor and fixation of the remunerating payable to him;
  - 39.a.20. review of the use of the services of the bank by the members and directors of the bank;
  - 39.a.21. consideration of the loans and advances made to the directors and their relatives, defaults, if any, and the action for recovery thereof;
  - 39.a.22. consideration of the inquiry and inspection reports, if any, and the compliance report of the board on the action taken regarding the rectification of defects and remedying of the irregularities pointed out in the said reports;
  - 39.a.23. review of the remuneration, TA, DA and other allowances paid to the directors including the office bearers in connection with their duties in that capacity or their attendance at related meetings;
  - 39.a.24. review of the actual utilization of the reserve and other funds;
  - 39.a.25. approval for purchase and sale of the immovable property including land or building or construction of buildings;
  - 39.a.26. consideration of the cadre strength, pay scales, dearness allowance and other allowance payable to Employees;
  - 39.a.27. decision on the appeal filed by a person whose application for membership has been rejected by the board after giving opportunity of being heard;
  - 39.a.28. approval for investment of funds of the bank under section 58 of the Act;
  - 39.a.29. amendment of the byelaws to provide for constitution of a representative general body for smooth functioning of the bank as per the provisions of the Act and the rules when the membership exceeds the prescribed limit or the area of operation exceeds the prescribed limit;
  - 39.a.30. any other matter with sufficient prior notice;
  - 39.a.31. any other subject with the permission of the chairperson
- b. The chief executive shall record the minutes of the proceedings of the meeting truly and accurately as per the deliberations in the book kept for the purpose. The minutes of the meeting shall contain a fair and correct summary of the proceedings thereat. The Chief executive and the Chairperson of the meeting shall sign the proceedings so recorded in the minute's book. The minutes of the meeting so recorded and signed shall be conclusive evidence for the accuracy of the proceedings recorded therein. When any member expresses dissent against any resolution in the deliberations on any subject at the time of conducting the proceedings of the general meeting, the chief executive shall record the same truly and accurately as per the deliberations in the minutes of the meeting. Nothing in the proceedings so recorded shall be deemed to require the inclusion in such minutes of any matter which
- 39.b.1. Is or could reasonably be regarded as defamatory of any person; or
  - 39.b.2. Is irrelevant or immaterial to the proceedings; or
  - 39.b.3. Is detrimental to the interest of the bank.

The Chief Executive shall send certified copies of the proceedings of the meeting within thirty days from the date of the meeting to all the members, the Registrar, and the financing bank or credit agency and affix one copy on the notice board of the bank.

- c. If non-defaulter members want any clarification regarding the published balance sheet or the annexed statements or any other matter, they shall inform the bank in writing at least three days before the date of the meeting

#### **40. AMENDMENTS OR SUGGESTIONS PROPOSED BY MEMBERS :**

- a. Any amendment to Bye-laws suggested by a member on any working day prior to 31<sup>st</sup> March preceding and supported by 100 or more members, shall be included in the agenda of the Annual General Meeting.
- b. A member seeking any clarification in respect of published Balance sheet or connected statements or any other information relating thereof should intimate to the Bank in writing at least 5 days before the date of the meeting so that necessary information if available could be furnished at the meeting.

#### **41. CHAIRMAN OF THE GENERAL MEETING :**

The President shall preside over every general body meeting. In his absence, the Vice-President shall preside over the general body meeting. In the absence of both, one of the directors chosen by the general body shall preside over the general meeting

#### **42. QUORUM**

The attendance of a minimum of 20% of the members with voting right shall be considered the quorum for the general meeting. In respect of a general body, the attendance of a minimum of 60% of the representatives with voting right shall be considered the quorum for the representative general meeting.

#### **43. ADJOURNMENT OF MEETING :**

- a. No business shall be transacted at any general meeting unless there is a quorum at the time when the business of the meeting is due to commence. If within an hour from the time fixed for the meeting, the number of members required for the quorum is not present, the meeting shall stand adjourned.
- b. If at any time during the meeting, sufficient number of members are not present to form the quorum, the chairperson of the meeting either suomotu or on his attention being drawn to this fact, shall adjourn the meeting.
- c. When the meeting is adjourned as above, the adjourned meeting shall be held on that day itself or at such place and such date and time as may be fixed by the Chairperson of the meeting within seven days from the date of adjournment. In such an adjourned meeting, no subject other than those listed in the agenda of the meeting adjourned shall be discussed and decision taken. Even for the adjourned meeting, there shall be the required quorum for transacting the business

#### **44. SPECIAL GENERAL MEETING**

- a. All general meetings other than an annual general meeting shall be called special general meetings. The board may call a special general meeting at any time and such special general meeting shall have power to transact all business which can be transacted at an annual general meeting under the byelaws of the bank
- b. If 1/5th of the total number of members of the bank with voting right make a requisition or the Registrar makes a requisition in writing to the Chief Executive, the board shall call a special general meeting within one month from the date of



receipt of such requisition. No business other than that mentioned in the requisition shall be transacted at such a meeting. A special general meeting called on the requisition of the members shall be dissolved if there is no quorum within an hour after the time fixed for the meeting

#### 45. VOTING

- a. Except as otherwise provided in the Act, the rules or the byelaws, all subjects shall be decided by a majority of votes of the members with right to vote present and voting at a general meeting
- b. Every member shall have one vote irrespective of the number of shares held by him. The chairperson of a meeting shall have a casting vote which he may exercise in the event of an equality of votes for and against any resolution on all matters, except election matters
- c. A member who is a defaulter shall not have the right to vote. A member shall be deemed to be a defaulter and shall not have the right to vote at a general meeting / an election of the bank, if he has failed to pay overdue amount of loan or arrears of any kind due to the bank at least 15 days before the date of such meeting /election, after notice of not less than 45 days before the date of such meeting/ election has been given to him
- d. Where a registered society or a partnership firm or a company or a body corporate or any other non-cooperative institution is a share holder and which is not a defaulter may nominate a person to participate in the general meeting /election and exercise the right to vote
- e. The following members shall have no voting right at a general meeting /election
  - 45.e.1. an associate and a nominal member
  - 45.e.2. a member who has been considered as a defaulter
  - 45.e.3. a member admitted under section 16(1) (d), (e), (f) and (g) of the Act, which/who is a defaulter
  - 45.e.4. A person who has become a member of the bank not later than twelve months prior to the date of such meeting / election
  - 45.e.5. A person who has failed to attend three general meetings out the last member five general meeting
  - 45.e.6. A member who has failed to utilize such minimum services or facilities every year as specified in byelaw no.20 of these byelaws of the bank for three consecutive cooperative years

#### 46. PLACE OF GENERAL MEETING AND BOARD MEETING

The general body and board meetings shall be held in the registered office of the bank. If there is no sufficient accommodation, then the same may be held in some other place in the same city or town where the bank's registered office is situated, under sub-section (2) of section 113 of the Act.

#### 47. CONSTITUTION OF THE BOARD

- a. The management of the bank shall vest in a board consisting of 13 directors constituted in accordance with the provisions of the Act, the rules and the byelaws as mentioned below

Sl. No	Category	Numbers
01	General	09
02	Women Reservation	02
03	scheduled castes and scheduled tribes	01
04	backward classes	01
<b>Total</b>		<b>13</b>

- b. The chief executive of the bank shall be an ex-officio member of the board. But, he shall not have the right to vote in the election of the office-bearers

#### **48. TERM OF OFFICE**

The term of office of the board shall be five years from the date of election as per section 28A (4) of the Act. The election of a board shall be conducted before the expiry of the term of office of the outgoing board so as to ensure that the newly elected directors of the board assume office immediately on the expiry of the term of office of the outgoing board.

#### **49. ELECTION OF THE DIRECTORS OF THE BOARD**

- a. The superintendence, direction and control of every general election of the directors of the board including the election of the representatives in respect of a bank having a representative general body, election to any casual vacancy in the office of a representative / director to the extent applicable and election of the office-bearers and preparation of the related electoral rolls shall vest in the cooperative election commission
- b. The board of the bank shall
  - 49.b.1. Inform the cooperative election commission about the expiry of its term of office at least six months before the date of expiry of such term
  - 49.b.2. Inform the co-operative election commission immediately on the occurrence of any casual vacancy in the office of a representative or a director or an office-bearer due to death, resignation, disqualification etc., or for any other reason
  - 49.b.3. Furnish such books, records and information as the commission may require as per the calendar prescribed by it; and
  - 49.b.4. Provide all necessary help, assistance and cooperation for the smooth preparation of the electoral rolls for and the conduct of elections
- c. The cooperative election commission may start the preparatory work for the preparation of the electoral rolls for and the conduct of elections during the last six months prior to the expiry of the term of office of the board
- d. The responsibility of conducting elections of directors to the board of the bank before the expiry of the term of office of the outgoing board so as to ensure that the newly elected directors of the board assume office immediately on the expiry of the term of office of the outgoing board, lies with the co-operative elections commission
- e. The cost of preparation of electoral rolls for and the cost of elections shall be met by the bank as may be prescribed in the rules
- f. The responsibility of conducting elections to fill up any casual vacancy in the office of a representative or a director of the bank within sixty days from the date of it being notified about the occurrence of such casual vacancy lies with the co-operative election commission

#### **50. ELECTION OF OFFICE-BEARERS**

- a. The term of office of the office bearers of the bank shall be five years from the date of election and shall be co-terminus with the term of the board
- b. The responsibility of conducting elections to the office of the President, Vice-President and any other office-bearer, if any, within fifteen days from the date of constitution or deemed constitution of the board after a general election lies with the co-operative election commission
- c. The responsibility of conducting election to fill up any casual vacancy in the office of any office-bearer of the bank within sixty days from the date of it being notified about the occurrence of such casual vacancy lies with the co-operative election commission

## 51. MEETINGS OF THE BOARD

- a. The meetings of the board and the sub-committees shall be held in the registered office of the bank
- b. The board may meet at any time whenever necessary for transacting the business of the bank, but, shall meet at least once in a month
- c. The Chief Executive shall, in consultation with the president, convene the meetings of the board. He shall send a meeting notice containing the place, date and time of the meeting and the agenda to all the directors at least seven clear days before the date of the meeting.
- d. Such Notice shall be sent in any of the following modes Speed Post or Courier or local delivery under proper acknowledgement or email or SMS.
- e. Detailed notes on each subject in the agenda about the pros and cons, the provisions of law if any, and the financial implication shall also be sent along with such notice.
- f. In exigency, when there is no sufficient time to convene a board meeting, the relevant papers and the draft resolution on any such subject shall be circulated to all the directors and the approval obtained and that resolution shall be placed in the regular board meeting for confirmation.
- g. In case, differences arise about the draft resolution sent through circulation, no decision shall be taken in the matter. Such subject and resolution may be placed in an emergent board meeting convened by giving three days notice to all the directors or may be placed in the next regular board meeting
- h. Normally no subject other than those mentioned in the agenda shall be discussed in any board meeting. In case any subject not mentioned in the agenda requires discussion because of its necessity or gravity, such subject shall be taken up for discussion with the permission of the Chairperson.
- i. But no subject relating to the election of the representatives, election of the directors of the board, constitution of sub-committees, election of office-bearers, filling up of casual vacancy in the office of a director by co-option, filling up of casual vacancy in the office of a representative, disciplinary action against the employees, sending delegate to a member co-operative society or any subject involving financial implications shall be taken up for discussion as additional subject and decision taken.
- j. Except as otherwise provided in the Act, the rules or the byelaws, all matters shall be decided by a majority of votes of the directors present in the meeting. In the case of an equality of votes for and against any resolution on any subject other than that involving an election, the Chairperson shall have a second or casting vote in addition his vote as a director
- k. The President and in his absence, the Vice-President shall preside over the meetings of the board. In the absence of both, the directors present at the meeting shall elect a chairperson for that meeting from amongst themselves.
- l. No director of the board shall be present at any meeting of the board, when any matter in which he is personally interested is being discussed
- m. The quorum for a meeting of the board shall be the attendance of the number next to fifty percent of the strength of the board as provided in the bye-laws, i.e. the quorum is 7. No business shall be transacted at any meeting of the board in the absence of the required quorum and the meeting shall be adjourned to the same day and time of the next week.
- n. Notice of such an adjourned meeting shall be sent to such of the directors who were absent for the meeting so adjourned. No new subject other than those on the agenda of the meeting so adjourned shall be discussed in such an adjourned

- meeting
- o. The chief executive shall record the proceedings of the meetings of the board truly and accurately as per the deliberations in the meeting in a register maintained for that purpose, the pages of which are serially numbered and have the bank's seal and the names of the directors present in to meeting shall be mentioned. When any director participates in the discussion on any subject and expresses dissent about the related resolution, the chief executive shall record the same truly, accurately and impartially as per the deliberations in the proceedings.
  - p. The minutes of the meeting shall contain a fair and correct summary of the proceedings thereat.
  - q. The names of all the directors present at the meeting shall be recorded. The Chairperson and the directors present shall sign in the register.
  - r. The chairperson shall also sign the proceedings of the meeting after the chief executive rewards and signs the same.
  - s. The proceedings book shall be available for perusal by any of the directors, during the working hours of the bank
  - t. The proceedings so recorded and signed as above shall be sent to all the directors within seven days from the date of the meeting. If majority of the directors express their objection in writing to the chief executive within three days from the date of receipt, on the ground that the proceedings have not been recorded as per the decisions taken in the meeting or a resolution on any subject which was not discussed in the meeting has been included or the dissent expressed by a member regarding any resolution has not been recorded, the chief executive shall not implement such decision but shall place the same in the next meeting of the board
  - u. If the chief executive fails to convene the board meeting within the stipulated time, a majority of the directors may request the president in writing to convene the board meeting to discuss the specific subjects under a copy to the chief executive.

## **52. DISQUALIFICATION FOR BEING ELECTED OR APPOINTED OR CONTINUED AS A DIRECTOR**

No person shall be eligible for being elected or appointed or continued as a director of the board of the bank, if he

- a. Is in default to the bank in respect of the loan or any other dues payable to the bank
- b. Is interested directly or indirectly in any contract made with the bank or in the sale or purchase made by the bank privately or in auction or in any contract or transaction of the bank (other than investment and borrowing) involving financial interests in that contract, sale, purchase or transaction
- c. carries on the business of the kind carried on by the bank
- d. Is employed as legal practitioner on behalf of the bank or accepts employment as legal practitioner against the bank
- e. Is a paid employee of the bank or of its financing bank
- f. Is a near relation of a paid employee of the bank
- g. is a person who has been removed or compulsorily retired or dismissed from the service of any cooperative society
- h. has been adjudged by a competent court to be an insolvent or unsound mind
- i. has been convicted by any court in India of an offence involving moral turpitude or of any Offence
- j. has been convicted of any offence under the Act
- k. has been absent for three consecutive board meetings without leave of absence

- l. has been absent for three consecutive general meetings without leave of absence
- m. is disqualified to be a member of the bank or to vote as such member
- n. is subject to any other disqualification under the provisions of the Act, the rules and the byelaws

### **53. ABSENCE FOR THE BOARD MEETING**

If any director is unable to attend the meetings of the board, he may request in writing seeking leave of absence from the board and shall obtain leave of absence. The board may at its discretion either consider the said request if there are sufficient reasons or reject the same if there are no sufficient reasons. Should any director absent himself for three consecutive board meetings without leave of absence from the board, he ceases to be the director

### **54. CESSATION OF MEMBERSHIP OF BOARD :**

- a. Should a member of the Board of Directors absent himself from three consecutive meetings of the Board, without leave of the Board, he/she shall cease to be a member of the Board and the matter shall be intimated to the Registrar ;
- b. A member of the Board incurring disqualification as per provision of section 29(c) of the Karnataka Co-operative Societies act 1959 is subject to removal by the Registrar, as per Section 126A of the KCS Act, 1959 ;

### **55. SERVICE OF THE BOARD**

When the directors attend the meetings or attend to any other work entrusted in their capacity as directors, they shall be eligible for travelling allowance, daily allowance and sitting fee at such rates as the general body may determine based on the financial position and profitability of the bank

### **56. VACANCIES ON THE BOARD**

Any vacancy in the office of the director of the board on account of death, resignation, removal, disqualification or for any other reason, shall be filled up in the following manner

- a. If the remaining term of office of the board is more than half of its original term, it shall be the responsibility of the cooperative election commission to conduct election to fill up any vacancy in the office of the director of the board
- b. If the remaining term of office of the board is less than half of its original term, the board may fill up casual vacancy of the board by nomination through co-option out of the same class of members in respect of which the casual vacancy has arisen

### **57. RESIGNATION OF THE MEMBERS OF THE BOARD**

Any director of the board may submit his resignation in writing to the chief executive. If within fifteen days from the date of resignation, the resignation is not withdrawn in writing by the concerned director, then the said resignation shall be deemed to have been accepted immediately on the expiry of the fifteenth day and that post shall be deemed to have fallen vacant.

### **58. VALIDITY OF THE CONSTITUTION OF THE BOARD**

All acts done in good faith and without negligence by the board or any person acting as a member of the board, notwithstanding that it is discovered afterwards that there was some defect in the appointment of such board or person, shall be deemed as valid, as if the board and every such person had been duly appointed

## **59. LIABILITIES OF DIRECTORS, OFFICERS AND STAFF**

The members of the board, the officers and staff of the bank shall be personally liable for all the transactions conducted in contravention of the Act, the rules, the bye-laws and the business rules. The deficiency, if any, caused to the assets of the bank, by such contravention shall be recovered by the board under section 69 or 70 of the Act, as the case may be by initiating proceedings against such erring director and or officers / staff.

## **60. DUTIES AND POWERS OF THE BOARD**

- a. The board shall be competent to conduct the affairs of the bank subject to the provisions of the Act, the rules and the byelaws and the decisions taken by the general body meeting. While conducting of the affairs of the bank, every member of the board shall exercise prudence and diligence of an ordinary man of business and shall not do anything contrary to the Act, the rules, the bye-laws, the subsidiary rules and the directives of the Reserve Bank
- b. The board shall exercise all such powers and perform all such duties as may be necessary or expedient for the purpose of carrying out the functions conferred on it under the provisions of the Act, the rules and the bye-laws
- c. Without prejudice to the generality of the foregoing, such powers and duties shall include the following
  - 60.c.1. To admit members
  - 60.c.2. To allot shares and approve the transfer of shares
  - 60.c.3. To frame the deposit rules as per the instructions of the Reserve Bank
  - 60.c.4. To raise resources in the form of various types of deposit and if need be, borrow funds from the financing agencies
  - 60.c.5. to determine the rate of interest on loans and deposits from time to time subject to the directives issued by the Reserve Bank
  - 60.c.6. To invest funds of the bank in any approved Government Securities / Bonds, Mutual Fund, Other Financial Institutions, Banks, Post Office or Government Treasury on behalf of the Bank and delegate powers jointly to the President and the Chief executive officer / Secretary for such transaction as per the guidelines of Reserve Bank of India.
  - 60.c.7. To appoint pigmy agents for collection of daily deposits in accordance with the subsidiary rules
  - 60.c.8. to consider the applications for loans and advances received from the members, determine the eligibility for loan taking the security into account as per the directions of the Reserve Bank and sanction loans as also approve the terms and conditions of sanction thereof
  - 60.c.9. to open and maintain accounts with other banks and financial institutions under section 58 of the Act, to the extent required for the functioning of the bank, to invest the surplus funds of the bank in the approved government and trustee securities and deposits subject to Act, the rules and the directives issued by Reserve Bank, from time to time
  - 60.c.10. To receive complaints from the members and customers and dispose of them
  - 60.c.11. to prepare the financial statements like; the receipts and payments or income and expenditure, profit and loss and the balance sheet along with necessary schedules and other statements, as at the end of the cooperative year and present the same before the auditor within 30 days from the date of close of that cooperative year
  - 60.c.12. To furnish all necessary information, accounts and books to the auditor in time and provide full aid and assistance for completion of the audit in

- time and obtain the audit report of the preceding cooperative year by 1st day of September every year
- 60.c.13. To arrange to file, defend or compromise suits or other legal proceedings
- 60.c.14. To appoint the valuer and appraiser for valuation of the securities pledged to the bank and fix their remuneration
- 60.c.15. To appoint legal advisor for examining the title deeds etc in respect of property mortgaged to the bank and fix his remuneration
- 60.c.16. To determine the cadre strength and the related education qualification and experience, subject to the budget allocation sanctioned by the general body and considering the work load and business requirements of the bank, and to determine the pay scale, dearness allowance and other allowances admissible to each employee keeping in view the financial position and profitability of the bank
- 60.c.17. To consider the audit report, take action for rectification of the defects and remedying of the irregularities and implementation of suitable suggestions pointed out in the said report and submit the audit report along with the action taken report to the Director of cooperative audit and the Registrar within 45 days from the date of its receipt and place the same before the subsequent general meeting
- 60.c.18. To consider the inquiry and the inspection reports of the departmental officers and the Reserve Bank, to take action as per the said reports in time and report the action taken to the Registrar and the Reserve Bank
- 60.c.19. To dispose of unserviceable articles of dead stock of the bank in public auction or if it is not possible to sell them in public auction, to write off such articles and remove them from the stock statement
- 60.c.20. To ensure that the member loanees repay the loan / loan installments in time to the extent possible, to examine the cases of overdue loans of the members as per the loan rules and to determine if any modification in the terms and conditions for repayment of loans is considered necessary, to grant extension for repayment of loans for a period not extending six months in deserving cases subject to the directives of the Reserve Bank. However, such extension shall be given before the expiry of the period fixed for repayment and in case they default for any reason, to take follow-up action for recovery and to institute legal action for recovery of the loans and advances
- 60.c.21. To frame staff service rules regarding recruitment, promotion, service conditions, training, disciplinary action etc, and get them approved from the general body
- 60.c.22. To appoint the Chief Executive of the bank under section 29G and other staff required for the business of the bank in accordance with the rules and obtain necessary security from them;
- 60.c.23. To institute disciplinary proceedings against the erring and impose punishment proportionate to the gravity of the charges proved
- 60.c.24. to purchase movable properties necessary for the bank; to purchase, mortgage or sell the immovable property with approval of the general body and to own or acquire on lease or rent suitable buildings and premises required for the use of the bank after following the transparency laws; to fix rent and rent advance wherever necessary; to maintain the movable and immovable properties of the bank
- 60.c.25. To open, within the area of operation of the bank and with prior approval of the Reserve Bank, branches, sub-offices, pay offices, sub-

- pay offices and extension counters and ATM counters
- 60.c.26. To approve the expenditure necessary for the business of the bank subject to the provisions of the
- 60.c.27. to contribute to the staff provident fund and staff gratuity fund as required in terms of staff provident fund rules and staff gratuity fund rules framed by the board
- 60.c.28. There may be following sub-committees but at any point of time, there shall not be more than four sub-committees in addition to the below mentioned 3 sub-committees
- 60.c.28.1. **Executive Committee:** – This committee shall consist of the President of the bank and three other elected directors besides the chief executive. This committee may meet at least two times in a month and the quorum for a meeting of the committee shall be three. This committee shall look after the matters relating to staff, investment of funds, administration, supervision over the functioning the branches, providing necessary infrastructure to the branches, taking action for the effective development of the branches, and such other matters.
- 60.c.28.2. **Audit Committee:** - This committee shall consist of the President of the bank and two other elected directors, one professional director and the chief executive. This committee may meet as and when necessary but shall meet once in two months and the quorum for a meeting of the committee shall be three. This committee shall review the audit report, inspection and enquiry reports and take necessary action for rectification of defects pointed out in the said reports and submit compliance reports to the related authorities from time to time.
- 60.c.28.3. **Loan Committee:** - This committee shall consist of the President of the bank and three other elected directors besides the chief executive. This committee shall meet as and when necessary for consideration of the loan applications received from the members in accordance with rules and sanction of the loans and the quorum for a meeting of the committee shall be three. This committee shall consider the loan applications received from the members as per rules and sanction loans. It shall ensure that the loanee members repay the loan in time failing which action shall be taken for recovery of loans.
- 60.c.28.4. **Other Committees:** - which deem fit to function the Bank smoothly and according to the act and byelaw

The board shall provide appropriate delegation of powers to the sub-committees to enable them to carry out the functions given to them. The chief executive of the bank shall be the convener and the president shall be the chairperson of the sub-committees. The proceedings of the sub-committee meetings shall be recorded by the chief executive in a separate register meant for the purpose and the signatures of the chairperson and the directors present in the meeting shall be obtained. The proceedings of the sub-committee shall be placed before the next meeting of the board for ratification / confirmation. The quorum for a meeting of these sub-committees shall be three.



- 60.c.29. To exercise supervision and control over the working of the central office and branches of the bank
- 60.c.30. To prescribe forms, applications, loan bonds, mortgage deeds, registers etc necessary for the satisfactory and effective functioning of the bank
- 60.c.31. To arrange for the safe keeping of cash, valuables and other assets and to arrange for checking of cash, godowns, pledged articles and investments etc., atleast once in a month
- 60.c.32. To arrange to determine the credit worthiness of the members from time to time and fix the limit of borrowings by them and/or as guarantors or sureties and to maintain a register of such members
- 60.c.33. to arrange to verify whether the loans and advances have been utilised for the purpose for which they have been sanctioned; to examine the adequacy or otherwise of the security offered for the loans and advances and prepare a list of bad and doubtful debts
- 60.c.34. To arrange for collection of electricity bills, water bills, pension, provident fund, telephone bills, taxes etc., as per the rules framed in this regard
- 60.c.35. To hold annual general and special general meetings as required under the Act, the rules and the bye-laws
- 60.c.36. To arrange to insure bank's cash, bank's articles, pledged articles and other assets to cover loss risk against fire, theft etc
- 60.c.37. To arrange for the maintenance of books of accounts and registers in the formats prescribed if any, by the Registrar, the Reserve Bank and the director of co-operative audit
- 60.c.38. To nominate delegates to other cooperative societies including the federations, societies and associations and depute representatives delegates for participation in the general meetings, conferences and seminars when required
- 60.c.39. If required for the smooth functioning of the bank, to secure membership of societies / associations concerned with banking and pay the related membership subscriptions
- 60.c.40. To arrange for maintenance of register of mortgaged, pledged and hypothecated goods or assets and securities and to arrange for periodical verification and valuation of such goods or assets
- 60.c.41. To enter into participation in the consortium arrangements with any commercial or co-operative bank or any financial institution for the purpose of giving loans and advances and to determine the terms and conditions of such participation. This power shall not be delegated to any committee or officer
- 60.c.42. To fill up casual vacancies occurring in the board for any reason through co-option, if the remaining term of the board is less than half of its original term
- 60.c.43. To fix the limits up to which the chief executive may incur expenditure for the proper and efficient functioning of the bank
- 60.c.44. To arrange for the election of the directors of the board in accordance with the provisions of the Act, the rules and the bye-laws; to elect president and the office bearers
- 60.c.45. To frame, alter, review or omit any of the subsidiary rules, subject to the approval of the general body, in respect of
  - 60.c.45.1. Staff service
  - 60.c.45.2. Staff conduct and discipline
  - 60.c.45.3. Administration (including branch working and control)

- 60.c.45.4. Death relief fund and members welfare fund
- 60.c.46. The board shall also frame, alter, review or delete any of the subsidiary rules/policies in accordance with the instructions issued by the Reserve Bank, from time to time in respect of
- 60.c.46.1. Banking business
  - 60.c.46.2. Sanction and recovery of loans
  - 60.c.46.3. Investment of funds
  - 60.c.46.4. Know your customer (KYC) norms
- 60.c.47. To review and approve the monthly receipts and payments / income and expenditure
- 60.c.48. To setup specific goals to be achieved towards the organizational objectives and take steps to reach he said targets
- 60.c.49. To initiate civil, criminal and disciplinary action, as the case may be, against any person who may have incurred civil or criminal liability by way of misappropriation or causing loss to the bank
- 60.c.50. To file annual returns and information's with the Registrar as per section 27B of the Act within thirtieth day of September every year
- 60.c.51. To furnish necessary books, records and information within time and provide timely assistance to the cooperative election commission for the conduct of elections within the time stipulated under section 39AA of the Act
- 60.c.52. when the post of the Chief Executive is vacant, or during his absence on leave, shall arrange for performance of the current routine powers and duties of the Chief Executive by the officer next below him or if there are grave charges against such officer next below him and an enquiry is pending in that behalf, by the officer next below such officer
- 60.c.53. To ensure that all circulars and other material relating to policies issued by the Reserve Bank/Government are read and understood by every director of the board and are also placed before the board for suitable action
- 60.c.54. to accept and implement all constructive ideas given by any director, the chief executive or any member of the bank for the better management of the bank thus enabling the bank for making valuable contribution in specific areas
- 60.c.55. To be acquainted with the provisions of the Cooperative Act and the Rules and also the Banking Regulation Act, 1949 (AACCS), Reserve Bank of India guidelines to the extent necessary
- 60.c.56. To be familiar with the broad objectives, activities and policies of the bank and also to be familiar with the byelaws and rules and regulations of the bank
- 60.c.57. To ensure confidentiality of the agenda papers and notes of the meeting of the board
- 60.c.58. To bestow greater attention on the following aspects of the bank's working
- 60.c.58.1. Compliance with monetary and credit policies of the Reserve Bank/Government
  - 60.c.58.2. Observance of Cash Reserve Ratio and Statutory Liquidity Ratio (CRR and SLR)
  - 60.c.58.3. Vigilance on the level of Capital to Risk Asset Ratio (CRAR)
  - 60.c.58.4. Efficient management of funds and improving profitability

- 60.c.58.5. Compliance with guidelines on income recognition, asset classification, provisioning towards nonperforming assets
- 60.c.58.6. Loans to priority sector/weaker sections
- 60.c.58.7. Vigilance on frauds and misappropriation including steps taken against the guilty and steps to be taken for prevention of such frauds and misappropriation
- 60.c.58.8. Strengthening of internal control system and housekeeping viz. proper maintenance of books of accounts and periodical reconciliation
- 60.c.58.9. Ensuring better customer service at all times and ensuring code of commitment of the bank to customers
- 60.c.58.10. Development of a good management information system
- 60.c.58.11. Computerization and participation in electronic payment system
- 60.c.59. To take all such other action as necessary for the attainment of or conducive to achieve the objectives of the establishment of the bank

## **61. PRESIDENT**

The President shall have general control over the administration and management of the bank

- a. He shall
  - 61.a.1. Preside over the meetings of the general body, board and sub-committees
  - 61.a.2. Sign the proceedings of the meetings presided over by him after the Chief Executive records and signs the proceedings
  - 61.a.3. Have a casting or a second vote in the event of equality of votes for or against any resolution in any subject
- b. In the absence of the President and on his written authorization, the Vice-President shall look after the work of the President

## **62. VICE-PRESIDENT**

In the absence of the President and on his written authorization, the Vice-President shall look after the work of the President

## **63. DUTIES, POWERS AND FUNCTIONS OF A DIRECTOR**

- a. Every director of the bank shall
  - 63.a.1. Be familiar with the broad objectives of the bank and the policy laid down by the Government and the Reserve Bank
  - 63.a.2. Be acquainted with the provisions of the KCS Act, 1959, KCS Rules, 1960, Banking Regulation Act, 1949(AACS) and the provisions of the bye-laws of the bank
  - 63.a.3. Exercise such prudence, diligence and care in the performance of his duties and functions as a director as an ordinary man of business would exercise in similar circumstances
  - 63.a.4. Act with honesty and integrity and in the best interest of the bank
  - 63.a.5. Attend the board meetings regularly and effectively and work in a spirit of co-operation
  - 63.a.6. Study the agenda notes and papers thoroughly before the start of the meeting, participate in the discussions and express his views in clear and accurate words and for this purpose elicit any information, if

- required, from the chief executive at the board meeting
- 63.a.7. Ensure confidentiality of the board agenda papers/notes
- 63.a.8. Ensure that the bank's funds are utilized in a proper and judicious manner for the benefit of the general members
- 63.a.9. Involve himself thoroughly in the matter of formulation of the general policy of the bank and also ensure that the performance of the bank is monitored adequately at the board level
- 63.a.10. Give as much of his wisdom, guidance and knowledge as possible to the management
- 63.a.11. Work as a team with other directors and not sponsor or be prejudiced against individual proposals
- b. Any director may require the chief executive to send the follow up reports on a definite time schedule
- c. Every director of the bank shall not
  - 63.c.1. Interfere in the day-to-day functioning of the bank
  - 63.c.2. Involve himself in the routine or every day business and in the management functions
  - 63.c.3. Send instructions/directions to any individual officer/employee of the bank in any manner. However, he may obtain the required information regarding any application or proposal pending and its present status from the chief executive
  - 63.c.4. Participate in the board discussions on a proposal in which he is directly or indirectly interested
  - 63.c.5. Do anything which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff
  - 63.c.6. Reveal any information relating to any customer of the bank to anyone else as he is under oath of secrecy and fidelity
  - 63.c.7. Act contrary to the provisions of the Act, the Rules, the bye-laws and the directives of the Reserve Bank

#### **64. FUNCTIONS AND POWERS OF THE CHIEF EXECUTIVE**

The Chief Executive shall be a full time paid Chief Executive Officer and Chief Administrative Officer of the bank appointed by the board as per Section 29G of the Act. In addition to the powers to be entrusted by the board from time to time the powers and functions of the Chief Executive shall include the following he shall

- a. Carry on the authorized and normal business of the Bank on behalf of the bank
- b. Business and affairs of the bank
- c. Be responsible for the general supervision and control over the management of the day to day
- d. Be responsible for the general supervision and control over the employees of the bank
- e. Keep an employee under suspension pending enquiry when necessary in the interest of the bank and after necessary disciplinary enquiry, impose any minor punishment on the delinquent employees if the gravity of the charges proved warrants such penalty and impose a major penalty with the approval of the board depending on the gravity of the charges proved
- f. Be responsible for making arrangements for the safe custody of all records and documents of the bank and for the correct maintenance of accounts and various books and records of the bank

- g. Be responsible for making arrangements for proper maintenance and custody of cash balance, movable and immovable properties, stock, securities, records and other properties of the bank
- h. Be responsible for the correct preparation and timely submission of periodical statements and returns in accordance with the provisions of the Act, the rules and the bye-laws
- i. Issue notices for the meetings of the general body, the board and sub-committee meetings along with the agenda and the notes on each subject in the agenda
- j. Remain present in all meetings of the general body, the board and the sub-committees and produce all the papers and information required at such meetings and sign the minutes of such meetings along with chairperson
- k. record the minutes of the meeting truly and accurately as per the deliberations in the book kept for the purpose with its pages consecutively numbered, each page of the said book shall be initialed or signed and the last page of the record of the proceedings of each meeting in the minutes book shall be dated and signed by him and the chairperson of the meeting. The minutes of the meeting shall contain a fair and correct summary of the proceedings thereat
- l. communicate the proceedings of the meeting of the general body and the board to all the concerned in time and affix copies of the same on the notice boards of the bank and its branches, take timely action for implementation of the said resolutions and submit compliance report in the next board meeting.
- m. Convene a meeting of the board for election of the office bearers as fixed by the co-operative election commission within fifteen days from the date of constitution or deemed constitution of the board after a general election
- n. Prepare the annual financial statements for the preceding year along with schedules, returns and other statements, obtain the approval of the board and present the same before the auditor within thirty days of the closure of the co-operative year
- o. place before the board the reports of the audit under section 63 and inquiry under section 64 and inspection under section 65(if any) along with the actions that may be taken to rectify the defects or remedy the irregularities noted in the said reports
- p. send the reports of compliance on the rectification of defects and remedying of irregularities noted in the audit or inquiry or inspection reports after approval by the board and continue to send such rectification reports to the Registrar or the Director of co-operative audit, as the case may be, periodically till all such defects are rectified and such irregularities are remedied
- q. Sue, be sued and represent the bank in all legal proceedings
- r. Arrange for valuation of movable and immovable properties offered as securities to the loans
- s. allot work among the paid staff, guide, supervise and control them and to initiate necessary disciplinary action in case of dereliction of duty and report to the Board regarding disciplinary action except for which he is empowered by the board
- t. Sanction all kinds of leave to the staff and accord sanction for payment of T.A bills, medical bills and other bills of the staff
- u. Issue order for determination of cadre strength and pay scales, dearness allowance and other allowances admissible to the employees and implement the same as approved by the board
- v. Certify the satisfactory completion of the probationary period of the employees and sanction annual increments and other service benefits to all employees
- w. Sanction gratuity and other terminal benefits to the employees on resignation,

- voluntary retirement, etc., retirement with the approval of the board
- x. Make payment of staff salary and also make payment of the bank's postage, rent and electricity bills, contingent and other expenditure subject to budget allocations
  - y. Issue orders for transfer of staff in case of necessity with the consent of the President;
  - z. Arrange for job rotation and training of the staff;
  - aa. Strive for the effective administration in the interest of the bank in addition to being vigilant in the day-to-day administration;
  - bb. Inspect the offices and branches of the bank and submit report to the board
  - cc. Verify cash, securities and valuables atleast once in a month
  - dd. Receive applications for sanction of loans and advances, scrutinise them and submit them to the board or sub-committee for decision together with his specific recommendation and detailed report
  - ee. Receive applications for membership, additional shares and transfer of shares and place them before the board with his report and recommendations
  - ff. Receive applications for nominal membership, admit eligible applicants as nominal members and place such applications before the board for approval
  - gg. Allow every member to have access to the books, information and accounts of the bank kept in regular transaction of its business with such member
  - hh. Provide proper information which is not confidential in nature, to the customers of the bank
  - ii. Receive deposits in accordance with the directives of Reserve Bank of India and decisions of the board and to arrange for issue of receipts, pass books and statement of accounts
  - jj. Certify the cash balance by signing the cash book and arrange to produce the same before any person authorized to verify cash
  - kk. Sanction loans on fixed or other deposits of the bank and gold ornaments upto the limit prescribed by the board. And sanction loans against other securities as approved by the board, excluding immovable and movable properties. The chief executive may also delegate this power to the branch managers, in respect of branches with prior approval of the board. He shall however place a statement of such loans sanctioned, before the next board meeting
  - ll. Invest bank's funds in various securities, deposits, funds, bonds, debentures etc. in accordance with the policy of the board and in conformity with the directives of the Reserve Bank and report about such investments to the executive committee and the board
  - mm. place before the board, important correspondence including orders, directives and instructions received from the Reserve Bank, Govt. and other authorities from time to time
  - nn. To maintain the calendar of returns and submit the same periodically to the president.
  - oo. sign the shares certificates along with the Chairperson / President
  - pp. Operate the bank accounts maintained with other banks
  - qq. Arrange for passing of receipts, vouchers and other documents required for smooth conduct of the banking business
  - rr. Be responsible for performing functions prescribed in the investment policy
  - ss. Review CRR and SLR on day to day basis
  - tt. Issue identity cards to the members or representatives as the case may be
  - uu. inform co-operative election commission six months earlier to the date of expiry of the term office of the board, inform about the occurrence of any casual vacancy on any ground in the office of a director or an office bearer immediately

on such occurrence, provide necessary assistance, aid and co-operation including preparation of a draft electoral roll to the co-operative election commission for conduct of elections and provide such records, books and documents either to the commission or to any other authority as may be authorized by the commission as per the instructions of the election commission

- vv. Assist the board in the formulation of policies, objectives and planning of the bank
- ww. perform various duties assigned and exercise powers as may be imparted or conferred on him as per the bye-laws, subsidiary rules, business rules and the directions of the board

## **65. CADRE STRENGTH AND PAY SCALES OF THE EMPLOYEES**

- a. **Human Resource Development Policy** - The board shall, from time to time formulate a transparent human resource development policy keeping in view its business requirements and the guidelines that may be issued by the Reserve Bank, the Registrar or the State Government in this behalf and obtain the approval of the general body for such policy.
- b. **Strength of Establishment and pay scales of the employees** - Subject to the allotment sanctioned in the general meeting, the board shall from time to time determine
  - 65.b.1. The cadre and strength of the establishment of the bank keeping in view its work load and the business requirements, and
  - 65.b.2. The scale of pay, dearness allowance and other allowances admissible from time to time to each employee of the establishment thereof with reference to the financial position, business development and profitability of the bank

Provided that prior approval of the general body by a resolution adopted by a majority of the members with right to vote present and voting at its general meeting shall be obtained for any such determination of the cadre strength of the establishment or determination of or increase in the scale of pay, the dearness and other allowances admissible to each employee

Provided further that, the Board taking into consideration the financial position of the bank, the pay scales, dearness allowances and other allowances admissible to the employees shall be revised periodically at least once in five years.

Provided also that, every employee shall be given an annual increment of pay if his service during the preceding year was satisfactory and without any break or blemish

Provided also that, the dearness allowance payable to the employees shall be revised by the Board taking into consideration the financial position of the bank, on the 1st day of January and the 1st day of July every year, keeping in view the rates of dearness allowance sanctioned by the State Government to its employees

Provided also that, the ratio of establishment expenditure shall not exceed two percent of the working capital as at the end of the proceeding year

**Explanations** – For the purpose of this bye-law

- a. Establishment expenditure means all expenses on salary, dearness and other allowances, travelling expenses; leave salary, gratuity, provident fund contributions and such other related expenses of all the employees of the bank
- b. Working capital means total of paid up share capital, reserve fund, other funds, deposits, borrowings and un appropriated profits of the bank excluding the funds invested in the buildings and other fixed assets

**c. Qualifications for the employees**

The board shall fix appropriate educational qualifications and professional requirements for various posts in the bank keeping in view the provisions of the Act and the Rules

**66. CONDITIONS OF SERVICE OF THE EMPLOYEES OF THE BANK**

**a. Appointment by direct recruitment**

66.a.1. The board of the bank shall follow a transparent procedure like conducting a written test, an aptitude test and an interview of the candidates for making an appointment to any post by direct recruitment. The board shall call for applications from the eligible candidates by notifying the same in two news papers of which one shall be in Kannada having wider circulation in the area of operation of the bank. The board shall entrust the entire of the process of conduct written test to Karnataka Examination authority, Indian institute of management, Institute of Social and economic change and such other external reputed institution, in the interest of ensuring transparency, professionalism and objectivity in recruitment

Provided that this restriction shall not apply

66.a.1.1. To the appointment of an officer whose services have been lent by the Government or any commercial bank or any other higher co-operative bank or any other reputed institution related to the banking field

66.a.1.2. To the filling up of a post through campus placement in reputed management institutions approved by the Registrar

66.a.1.3. To an appointment on contract basis in the exigency of service of the bank

66.a.2. The executive committee shall function as the recruitment committee whenever the need for recruitment arises

66.a.3. The marks obtained in the written test conducted by the external agency shall be reduced to 85% and the aptitude test and the interview shall carry 15 marks and a merit list of the candidates shall be prepared based on the total of the marks obtained in the written test reduced to 85% and the marks obtained in the aptitude test and the interview. A select list shall be prepared following the reservation policy to the extent applicable on the basis of the merit list

**b. Age limit for appointment by direct recruitment**

66.b.1. Every candidate for appointment by direct recruitment to any post in the services of the bank must have attained the age of eighteen years and not attained the age of

66.b.1.1. Forty years in the case of a person belonging to any of the Scheduled Castes or Scheduled Tribes or Backward Tribes

66.b.1.2. Thirty eight years in the case of a person belonging to any of the Backward Castes or Backward communities

66.b.1.3. Thirty five years in the case of others

66.b.1.4. On the last date fixed for the receipt of application or on such other date as may be specified by the Appointing authority or the Recruitment Committee, as the case may be



Provided the this restriction shall not apply to a person appointed on contract basis or to a person who is already in the service of any co-operative society, if his age at the time he entered such service was in accordance with the rules then in force applicable to the area concerned

c. **Age of retirement**

The date of retirement on superannuation of an officer or employee of the bank is the date on which he attains the age of sixty years. If an employee attains the age of superannuation on any day after the first day of a month but before the last day of the month bank may permit him to retire on last day of the month. However, if he attains the age of 60 yrs on first day of the month, he/she shall retire on the last day of the preceding month. However, the board of the bank may permit an employee to retire voluntarily on any date after he attains the age of fifty years if he makes a written representation to that effect

d. **Leave facilities**

66.d.1. Leave cannot be claimed as a matter of right. Willful absence without previous sanction whether in continuation of leave or otherwise shall render an employee liable for disciplinary action

66.d.2. **Casual leave:** Fifteen days casual leave may be granted to an employee in a calendar year. Casual leave cannot be accumulated or carried forward from year to year. Casual leave shall not ordinarily be allowed for more than seven days at a time / inclusive of intervening holidays, if any

66.d.3. **Earned leave:**

66.d.3.1. An employee shall be entitled for 'earned leave' on full pay at the rate of one-eleventh of the period spent on duty.

66.d.3.2. The earned leave can be credited at the rate of two and half days for each completed calendar month of service in the calendar year in which an employee is appointed

66.d.3.3. An employee who resigns or is due to retire from service shall be allowed earned leave at the rate of two and a half days for each completed calendar month of service upto the date of resignation or retirement

66.d.3.4. When an employee is removed or dismissed from service or dies while in service, he shall be allowed earned leave at the rate of two and half a days for each completed calendar month of service upto the end of the calendar month preceding the calendar month in which he is removed or dismissed from service or dies while in service

66.d.3.5. The earned leave can be accumulated upto a maximum period of 300 days during the service of an employee. Subject to the balance of leave at his credit, an employee may be sanctioned earned leave for a period up to 120 days at a time

66.d.3.6. An employee may be allowed to surrender thirty days of earned leave for encashment once in a block period of two calendar years. The cash equivalent for the leave surrendered shall be calculated at the rate of 1/30th of the salary for each day of surrender irrespective of the

number of days in the month in which the leave is surrendered. The benefit of encashment of earned leave shall not be admissible to persons appointed on daily wages or on purely temporary basis or on contract basis

**66.d.4. Encashment of leave at the time of retirement**

Earned leave subject to a maximum of two hundred and forty days may be granted to an employee if due, on full pay before his retirement. In case the services of an employee cannot be spared in the interest of work of the institution, cash equivalent of leave salary for earned leave if any at the credit of the employee subject to a maximum of two hundred and forty days may be granted

**66.d.5. Half pay Leave**

66.d.5.1. An employee shall be entitled for half pay leave at the rate of twenty days for every completed year of service in the society without break

66.d.5.2. The half pay leave shall be credited at the rate of five third days for each completed month of service which he renders in the calendar year in which he is appointed

66.d.5.3. An employee who resigns or is due to retire from the service shall be allowed at the rate of five third days for each completed calendar month upto the date of resignation or retirement

66.d.5.4. When an employee is removed or dismissed from service or dies while in service, credit of half pay leave shall be allowed at the rate of five third days per completed calendar month up to the end of the calendar month proceeding the calendar month in which he is removed or dismissed from service or dies while in service

66.d.5.5. The half pay leave may be granted on medical certificate or on private affairs.

Half pay leave shall be adjusted towards regularisation of suspension period of an employee.

66.d.5.6. "Sick leave" on production of a medical certificate from a Medical Officer, not below the rank of an Assistant Surgeon from a Government hospital, or a Private hospital recognized by the State Government for providing medical reimbursement facility to the Government Servants may be granted on half pay, if leave is due. The total of such leave shall in no case exceed eighteen months throughout the total service of an employee

66.d.6. **"Maternity leave"** of absence from duty may be granted on production of a medical certificate from a Medical Officer, not below the rank of an Assistant Surgeon from a Government hospital, or a Private hospital recognized by the State Government for providing medical reimbursement facility to the Government Servants, on full pay to a married woman employee of a co-operative society / Bank for a period of one hundred and eighty days which shall include not more than thirty days prior to the expected date of delivery at the option of the employee. Maternity leave is granted to women employees with less than two surviving children. Miscarriage/abortion (induced or otherwise): Total

of 45 days in the entire service and is not Admissible if they already have 2 surviving children. Application to be supported by a medical certificate.

The maternity leave is not debited to leave account and full pay is granted. It can be combined with any other leaves and counts as service for increments and pension.

66.d.7. **Paternity Leave:**- A male employee with less than two surviving children may be granted Paternity Leave for a period of 15 days during the confinement of his wife. During the period of such leave he shall be paid leave salary equal to the pay drawn immediately before proceeding on leave. Paternity Leave shall not be debited against the leave account and may be combined with other kind of leave as in the case of Maternity Leave.

66.d.8. **Leave without pay** up to a maximum of three years in the whole service of an employee may be granted in addition to all other leave earned and admissible under these rules;

66.d.9. Leave may be cancelled by the authority empowered to grant it.

e. **Gratuity**

66.e.1. The board of the bank shall grant gratuities on resignation or retirement to an employee of the Bank or on his death to his nominees or legal heirs or representatives subject to the following conditions

66.e.1.1. When an employee leaves the service within five years from the date of his permanent appointment, he shall have no claim to this benefit

66.e.1.2. When an employee who has put in five to ten years' service resigns or retires from service or if he dies while in service, gratuity not exceeding half a month's pay for every year of service which he was drawing on the date of resignation or retirement or death as the case may be

66.e.1.3. When an employee who has put in more than ten years' service resigns or retires from service or if he dies while in service, gratuity not exceeding a month's pay for every year of service, which he was drawing on the date of resignation or retirement, or death, as the case may be

66.e.2. The maximum amount of gratuity payable to any employee shall not exceed sixteen and half month's pay under any circumstances

Note: 'Pay' means the average monthly salary drawn during the last year of the employee's active service

66.e.3. The bank shall contribute every year to staff gratuity fund as per the Payment of Gratuity Act 1972 and the Rules there under .If, however, the gratuity fund is managed by an insurance company, the rules and procedure of the company shall be applicable for payment of premium and settlement of the gratuity amount

f. **Staff Contributory Provident Fund And Bonus**

66.f.1. The bank shall establish a contributory provident fund, for the benefit of its employees, as provided under Employees Provident Fund and Miscellaneous Provisions Act 1952

66.f.2. The contributory staff provident fund established under sub clause (a) above shall not

66.f.2.1. Be utilized in the business of the Federation. It shall be

invested in Government and Trustee Securities, in fixed deposits with the Karnataka State Co-operatives Apex Bank or with Regional Provident Fund Commissioner separately and

66.f.2.2. form a part of the assets of the bank

66.f.2.3. The board shall pay to the employees of the bank as per the provisions of Payment of Bonus Act 1965. The quantum of bonus to be paid shall be determined in the manner set forth in the Payment of Bonus Act 1956. Ex-gratia in lieu of bonus may be paid out of the net profit to the employees of the bank who are not entitled for bonus with the permission of the general body. However, the maximum payment of ex-gratia shall not exceed the maximum amount Payment of Bonus Act 1965

**g. Transfer and Promotion**

66.g.1. An employee who has the minimum qualification prescribed for recruitment to a post and who has put in a satisfactory service of atleast five years in that post shall be eligible for being considered for promotion to the higher post as per cadre and recruitment rules of the bank.

Provided that no employee of the bank shall be promoted to the next higher post, if he has not successfully completed a short term training programme/course conducted by the following institutions on the subject which is relevant to the objects/activities of the bank:-

Regional Institute of Co-operative Management, Bengaluru or Karnataka Institute of Co-operative Management (a unit of Karnataka State Co-operative Federation) or National Institute of Rural Banking, Bengaluru or Vaikunt Mehta Institute of Co-operative Management, Pune

Provided further that each employee of the bank shall be deputed by the board for a short term training programme conducted by the institutions mentioned above or any other institutions approved by the Registrar once in three years and no exemption shall be granted by the board in attending and completing the training

Provided also that no annual increment shall be sanctioned to the employee, if he has not attended the training programme

66.g.2. The chief executive or any other competent authority may transfer an employee from one post to another post but a minimum tenure of atleast three years in a post shall be ensured while considering for transferring an employee except where the employee is charged with committing serious / grave irregularities like misappropriation or embezzlement of funds, fraud, misclassification of accounts etc.,

**h. Service Register**

The chief executive of the bank shall cause maintenance of a record of the services of every employee as also of the leave earned and availed of by him

from time to time. All changes affecting the rank and emoluments, transfers and other allied service matters shall be recorded from time to time in this service register. The entries in the said register shall be attested by the chief executive of the bank

i. **Use of official information**

No employee shall, except when generally or specially empowered or permitted by the board, communicate directly or indirectly, to any other person or institution or to the press or to the electronic media any record or document or information which has come to his possession in the course of his official duties or has been prepared and collected by him in the course of such duties whether from official sources or otherwise

j. **Pecuniary Relation**

No employee shall have pecuniary transactions with the individuals or institutions coming in contact with him in the course of his official duties or accept directly or indirectly either on his own behalf or on behalf of any other person any gift, benefit or reward from any person with whom he may have to deal in his official capacity

Provided that this clause shall not apply to the borrowings by an employee on the security of his deposits, savings, insurance policy or other documents from other institutions

k. **Prohibition against being interested in contracts, etc**

66.k.1. No employee of the bank shall have any interest, directly or indirectly otherwise than as such employee

66.k.1.1. in any contract made with the bank; or

66.k.1.2. in any property purchased or sold by the bank; or

66.k.1.3. In any other transaction of the bank except as investment made in or as loan taken from the bank or the provision of residential accommodation to any employee of the bank

66.k.2. No employee of the bank shall purchase, directly or indirectly, any property of a member of the bank sold for the recovery of his dues to the bank.

l. **Taking Part in Politics and Election** - No employee of the bank

66.l.1. shall be a member of or be otherwise associated with any political party or any organization which takes part in politics nor shall take part in, subscribe in aid of, or assist in any other manner any political movement or activity

66.l.2. Shall contest in an election to and get elected as a member of parliament, a member of state legislature, a member of any local authority or a member of any panchayath raj institution or a director of the bank

66.l.3. shall canvas or otherwise work for or use his influence in connection with or take part in an election to parliament, any legislature or local authority or panchayath raj institution or in any election to the board or the office-bearers of the bank

66.l.4. Provided that

- 66.l.4.1. An employee of the bank qualified to vote at such election may exercise his right to vote
- 66.l.4.2. an employee of the bank shall not be deemed to have contravened the provisions of this sub-clause by reason only that he / she assists in the conduct of an election in the due performance of a duty imposed on him/her by or under any law for the time being in force
- Explanation** – The display by an employee of the bank on his person, vehicle or residence of any electoral symbol shall amount to using his influence in connection with an election within the meaning of this sub-rule.

m. **Bar on appearing as legal practitioner**

No employee of the bank shall appear as a legal practitioner, otherwise than in the discharge of his official duties on behalf of the bank or on behalf of any other co-operative society of which the bank is a member

n. **Punishments**

- 66.n.1. Any employee who contravenes the provisions of this bye-law shall be liable for such punishment as the board may determine
- 66.n.2. Any employee may, for good and sufficient cause, be punished. The Chief Executive shall be the authority competent to censure, fine, suspend or withhold the increment of an employee of the bank, after a disciplinary enquiry, depending on the gravity of the charge proved. The board shall be the authority competent to impose a major penalty on any employee of the bank
- 66.n.3. No kind of punishment shall be awarded to any employee unless he has been informed in writing of the charges of misconduct framed been held as per rules after affording to him a reasonable opportunity to defend himself.

o. **Appeals**

Any employee aggrieved by an order of punishment imposed on him by a competent authority may, within a period of sixty days from the date of its communication, appeal to that authority's immediate superior authority of the bank.

**RESIDUARY CONDITIONS OF SERVICE & MATTERS NOT COVERED BY THESE RULES:**

All matters relating to the conditions of services of an employee for which no provisions are made in these rules shall be determined by the Board and shall be as per the Staff Subsidiary Rules of the Bank.

All matters relating to service rules not expressly covered by these rules the corresponding rules and regulations of the State Government shall apply until otherwise superseded by specific resolutions of the Board.

Provided that the Board may lay down such other conditions of service for the employees of the Bank including their welfare as may be deemed appropriate and necessary, from time to time, in furtherance of the objectives of the Bank, and efficient discharge of the duties of such employees.

## 67. APPLICATION FOR LOAN AND ADVANCES

- a. Application for loan must be made, in the form prescribed by the board. In addition to the applicant, the surety shall also furnish full particulars called for therein and sign the application. The applicant shall furnish any information as called for by the board, with regard to any of the particulars furnished in his application
- b. The borrower members shall utilize the loan amount borrowed from the bank for the purpose for which it has been sanctioned. The borrower / surety shall repay the loan amount along with the interest, penal interest and other expenses as fixed by the board from time to time

## 68. SANCTION OF LOANS AND ADVANCES

While sanctioning the loan after scrutiny of the loan applications, the board may sanction full loan applied for, or reduce the loan amount or period of repayment, as the case may be, or alter the conditions with regard to security or reject the loan application. The board is not bound to inform the applicant about the reasons regarding its decision. However the applicant shall be advised about the rejection. While disposing of the loan applications, the decision of the board shall be final

## 69. RULES FOR SANCTION OF LOANS AND ADVANCES

The board shall frame rules governing the procedure for sanction of loans, margins to be maintained, the period of repayment, proportion of unsecured loans to be granted, terms and conditions and the nature of securities to be accepted for granting loans and advances for different purposes in conformity with the directives / instructions of the Reserve Bank of India, the Registrar and the higher financing agencies if any

## 70. VARIOUS TYPES OF LOANS AND ADVANCES

Subject to the directives issued from time to time, by the Reserve Bank of India, the Board may sanction loans/advances/cash credit/overdrafts against approved securities or against other securities listed below

- a. Personal surety or surety of other members or nominal members;
- b. Security of movable and / or immovable property
- c. Pledge of Government and other trustee securities, shares and debentures of approved companies, National Savings Certificate and fixed deposits with the bank
- d. Insurance policies assigned to the bank, to the extent of their surrender value
- e. Other valuable articles as approved by the board

## 71. Personal Loans

### a. Short-term Loan:

A short term loan not exceeding Rs.15,000/- repayable in 15 equal monthly installments may be sanctioned to a member on a Surety of a member.

A short term loan not exceeding Rs.25,000/- repayable within One month may be sanctioned to a member who is having Diamond Savings Account for clearing of cheques through clearing if the balance in the savings account is insufficient to clear the cheque. In case, if he defaults to repay within the stipulated time the loan amount shall be recovered from the salary or from his assets with the bank.

### b. Medium-Term Loan:

A Medium term loan not exceeding Rs.75,000/- repayable in 50 equal monthly installments may be sanctioned to a member on a Surety of a member. Short-term loan can be renewed after 12 monthly recoveries.

c. **Long-term loan :**

A long term loan not exceeding 75 times of the basic pay of the member or Maximum amount not exceeding Rs.10,00,000/- whichever is less may be sanctioned subject to the following conditions ;

- a. The amount of loan is repayable in 200 Maximum monthly installments
- b. The member shall furnish a surety / co-Obligant from another member
- c. Renewal of long term loan: A member who is regular in repayment towards monthly installments and who has paid not less than 6 monthly installments may renew his loan.

## **72. HOUSING LOAN**

- a. The Bank may grant loans for the purpose of construction or purchase of New houses / Flats or purchase of old houses / Flats or for clearing of housing loans availed from other recognised agencies, Banks, HDFC, LIC and also sanction of second mortgage loan, when the first mortgage is sanctioned by the respective Member's office etc., on the security of the immovable property to the extent of the total estimated value against mortgage/deposit of title deeds subject to a maximum of Rs. 35.00 lakh or 150 times of the Basic pay or cost per square as decided by the Board from time to time, whichever is less.
- b. The Bank may grant loan for the purpose of additions / alterations / renovation / repairs to the existing residential building on security of the immovable property to the extent of 90% of the total estimated value against mortgage / deposit of title deeds subject to a maximum of Rs.5.00 lakh or 75 times the basic pay whichever is less.

The loan is recoverable in a maximum of 240 equal monthly installments together with interest thereon, to be fixed by the committee of the Management subject to the directives of the Reserve Bank of India from time to time.

- c. The Bank may grant loan on the security of immovable property to the extent of 90% of the total estimated value against mortgage/ deposit of title deeds subject to a maximum of Rs.10.00 lakh or 75 times the basic pay.

The loan recoverable in a maximum of 150 equal monthly installments.

The major factor which determines the quantum of loan to be granted under Housing Loan Scheme is the repaying capacity of the applicant subject to the following conditions.

- i. A member should have completed 3 years of service and one year of membership in the bank as on the date of application.
- ii. A member should have a minimum of 3 years of service before retirement as on the date of application.
- iii. The house has to be located within Bangalore comprehensive development plan / agglomeration / Bhruhat Bangaluru Mahanagara Palike / BMRDA.

Along with the prescribed application the member has to submit the required documents for grant of loan



- a. Title deed of the property.
- b. Encumbrance Certificate for 13 years
- c. Khata Certificate in Original
- d. Up to-date Tax Paid receipts.
- e. Approved Building Plan
- f. Declaration on Rs.10/- stamp paper sworn before Magistrate to prove the absolute particulars.
- g. Salary certificate with deduction particulars and other sources of income.
- h. Affidavit that the property is within the Urban Land Ceiling Limit.
- i. Genealogical tree should also be furnished.
- j. Property should be mortgaged / deposit of Title Deeds to the extent of loan sanctioned by the Committee of Management. Together with the application, a member has to pay legal and technical fees as prescribed by the Committee of Management from time to time together with the complete loan document.
- k. Assigning the Central Government Employees Group Insurance Amount.
- l. The employee shall give consent for recovery of balance amount of loan outstanding, if any, out of DCRG / Leave Salary.
- m. In case of purchase of New house/flats a valuator certificate is to be produced by authorised valuers of any official not below of the rank of AE, of PWD, CPWD as decided by the Managing committee from time to time.
- n. Insurance for fire and other natural calamities on the building should be obtained till the clearance of loan

Immediately after the loan documents are submitted to the office it will be first sent to the Legal Adviser for his opinion if the property under reference is found to be legally correct, it will then be referred to the Bank's Engineer as well as a Bank Staff for their reports as to assess the maintenance value of the Property.

After the receipt of the reports the papers will be placed before the Managing Committee with due recommendation. Once the loan amount is sanctioned by the Board, the same may be intimated to the applicant, the sanctioned amount should be utilized within 3 months from the date of sanction otherwise it stands lapsed. Sanctioned loan amount will be disbursed in stages to be decided by the Managing Committee.

Repayment of loan installments under this head will commence immediately the next month after disbursement. It is necessary that the mortgage/ deposit of Title deeds to the Bank against fire insurance as well as the relative insurance policy to the extent of the loan amount and the relative insurance policy pledged with the Bank. They should see that the insurance policy is renewed every year until such time the loan amount is repaid in full. The renewal insurance premium will have to be borne by the borrower.

### **73. SITE PURCHASE**

The bank may grant loans for the purpose purchase of sites. The maximum loan amount to be sanctioned is Rs.15,00,000/- or 75 times of the basic pay or 90% of the cost determined by Government authorities, whichever is less. The site should be within Bangalore comprehensive development plan /agglomeration / Bhruhat Bangaluru Mahanagara Palike. The loan is repayable in maximum 180 installments.

- i. The loan will be sanctioned considering the repaying capacity.
- ii. Member should have completed 3years of services and one year of membership in the Bank as on the Date of application.
- iii. Member should have a minimum of 3 years of service before retirement as on the

date of application.

- iv. The Site should be situated within Bangalore Comprehensive development plan / agglomeration / Bhruhat Bangaluru Mahanagara Palike / BMRDA.

Along with the prescribed application the member has to submit the required documents for grant of loan

#### **74. GOVERNAMENT AGENCIES SITE / HOUSE INTIAL DEPOSIT LOAN**

The Bank will provide loans for the payment of initial Deposit to members who apply for allotment of site through Government agencies, the initial deposit amount shall be paid by DD / Cheque directly to Government agencies along with the application. If a member is allotted a site/house, he shall be sanctioned further loan. In case of non allotment the amount shall be refunded to the Bank, the sanction of Loan is subject to conditions stipulated under site/house purchases loan.

The loan shall attract interest as decided by the Board from time to time. Till allotment, only the interest shall be deducted monthly.

#### **75. CONSUMER LOANS**

The bank may grant a maximum consumer loan of Rs.50,000/- or 90% of the cost of the article (other than vehicle) whichever is less. The amount shall be repayable in 25 monthly installments. For drawing consumer loan, the Member shall have 2.5% of loan amount and shall deposit 10% of the cost of Article for which the loan is applied as a Marginal amount and this loan is sanctioned by the Board Application should be accompanied by the invoice from a concern having sales tax Registration. The loanee shall produce the following documents within 30 days from the date of issue of cheque:

- i. Cash receipt
- ii. Guarantee Card
- iii. Delivery Note

A member is eligible for subsequent consumer loan after completion of 30 days from the Date of clearing of the first loan.

#### **76. EDUCATION LOAN:**

The Bank may grant educational loan to its members to a maximum of Rs. 10 lakh for payment of educational expenses of their children repayable in 150 monthly installments. The loan is sanctioned subject to repaying capacity and other conditions as applicable to long term loan. The loan is renewable once in a year.

#### **77. SECURITY LOAN**

The Bank may grant security loan to its members on National certificate / any Government Certificates by hypothecation of the Certificate to the Bank, to the extent of 60% of the face value to a maximum of Rs 50,000/- repayable in 20 months. The loan is sanctioned subject to repaying capacity and other conditions as applicable to long term personal loan. Rate of interest on loans will be decided by the board from time to time

#### **78. MOTOR VEHICLE LOAN (TWO WHEELER):**

The Bank may sanction vehicle loan for purchase of two wheelers (New Vehicle) to its members. The loan amount shall be 90% of the cost of the vehicle, or 10 times the basic pay or One Lakh whichever is less

For drawing the loan, the member shall have 2.5% of loan amount as share amount and shall deposit 10% of the cost of the vehicle for which the loan is applied as a Marginal

amount. The loan amount is Recoverable in maximum of 60 installments the loanee shall produce

1. Receipt
2. R.C. Book / Smart Card
3. Insurance Policy

The vehicle should be hypothecated in favour of the Bank

#### **79. CAR ADVANCE:**

The bank may sanction vehicle loan for 4 wheelers, i.e., new cars to its members. The loan amount shall be 90% of the cost of the vehicle or 40 times the basic pay whichever is less. The maximum loan amount not exceeding Rs. 7.50 lakh. For drawing the loan, the member shall have 2.5% of loan amount as share amount and shall deposit 10% of the cost of the vehicle for which the loan is applied as a marginal amount. The loan amount is recoverable in maximum of 150 installments. The loanee shall produce.

1. Receipt
2. R.C. Book / Smart Card
3. Insurance Policy

The Vehicle shall be hypothecated in favour of the bank.

#### **80. CAR ADVANCE - OLD**

The Bank may sanction vehicle loan for purchase of old four wheeler (cars) to its members. The loan amount shall be 90% of the cost of the vehicle evaluated by authorized valuator, or 50 times of the basic pay whichever is less. The maximum loan amount shall not exceed Rs.5 lakh. Members shall deposit 10% of the cost of the vehicle for which the loan is applied as a marginal amount. The loan amount is recoverable in maximum of 85 installments. The vehicle should be within 5 years from the date of first registration. The loanee shall produce:

1. Receipt
2. R.C. Book / Smart Card
3. Insurance Policy

The vehicle should be hypothecated in favour of the Bank.

#### **81. FOREIGN TRAVEL LOAN:**

Bank may sanction loan for Foreign Travel up to a maximum of Rs. 1,50,000/- or 15 times of basic pay or actual cost of ticket / package whichever is less. The foreign travel loan may be repayable in 50 monthly installments and may be renewed once a year. The loan shall be sanctioned for a foreign travel undertaken by the member and his family members (family as defined in subsidiary rule) and subject to the following

1. Copy of Visa and passport to be produced before availing loan.
2. Copy of the ticket to be produced before proceeding on Foreign Travel.
3. In case of cancellation of travel programme the amount to be refunded immediately in one lump with interest.
4. Any other document as decided by the bank
5. Rate of interest to be decided by the board from time to time

#### **82. OVERALL BORROWING LIMIT OF MEMBER**

- a. No member shall be eligible to borrow more than 175 times of his Basic pay or according to the limits prescribed by the R.B.I from time to time or Rs. 45.00 lakhs whichever is less.
- b. A member may stand surety to two persons and his aggregate liability in this regard should not exceed twice the amount of his borrowing power.

### **83. UNSECURED ADVANCES**

The total unsecured loans, Advances, Cash Credits, and overdrafts to members shall not exceed 33½ of the demand and time liabilities as defined in Section 18 and Section 24 of the Banking Regulation act, 1949 (as applicable to Co-operative Societies) or as directed by the Reserve Bank of India from time to time.

### **84. LINKING OF SHARES TO BORROWINGS**

Every borrower of loans of any kind shall necessarily acquire shares of the bank as under;

- a. A borrower shall hold shares to the extent of 5% of his borrowings in case of unsecured advances, such as surety loans, clean overdrafts, cash credits, purchase/discount of bills and cheques
- b. A borrower against security of tangible assets shall hold shares to the extent of 2½% of his borrowings

### **85. RATE OF INTEREST**

The rate of interest on loans shall be decided by the Board from time to time in accordance with the directives of the Reserve Bank of India.

- i. A penal interest on default of all contractual obligations/over dues shall be collected at the rate as decided by the board from time to time over and above the bank's rate of interest
- ii. Interest on loans and advances shall be calculated at agreed rate on reducing balance method, except housing loan.
- iii. When interest on any loan or part thereof is due to the bank by a member that amount shall be recovered by the bank first from any amount that may be paid into the bank on behalf of the member notwithstanding any specific instructions on the part of that member to the contrary.
- iv. After adjusting of the interest and penal interest and overdue installments towards unsecured loans shall be adjusted first before any amount towards secured loans.
- v. For the purpose of calculating interest or penal interest shall be on a daily basis.

### **86. VALUATION AND APPRAISAL**

The board may appoint approved appraisers / valuers for valuing the valuables, machinery, movable and immovable assets, merchandise, etc., that may be pledged / hypothecated to the bank. All appraisers / valuers' charges, if any, shall be borne by the borrowers. The approved appraisers / valuers shall be required, to furnish security to the satisfaction of the board and execute a guarantee bond, as may be prescribed by the board, for this purpose

### **87. INSURANCE**

Member who avails Housing loan shall take personal life Insurance or personal Accident Insurance to the extent of loan amount availed and the Insurance policy shall be assigned to the Bank. Such insurance policy shall remain in force till the loan is repaid.

### **88. INCIDENTAL EXPENSES**

It shall be obligatory on the part of the borrower to bear incidental expenses of registration, valuation, insurance, etc., and such expenses may also be debited to the account of the borrower and/or collected from time to time.

### **89. LOANS TO NON MEMBERS**

Loans and advances may be granted to non-members against the security of their term deposits in the bank.

## **90. PERIOD OF LOANS**

Short term loans may be sanctioned upto 15 months, medium term loans from 15 months to 5 years, and long term loan for more than 5 years.

## **91. BORROWING LIMIT OF MEMBERS**

- a. Subject to the directives of the Reserve Bank of India that may be issued from time to time, the board shall prescribe the maximum limit on all types of loans and advances to be given to a member. All loans and advances shall be governed by the guidelines issued by Reserve Bank from time to time
- b. One member can stand surety to another member only

## **92. CONDITION FOR DISBURSEMENT OF LOANS**

Loan amount shall be disbursed only after the loan is sanctioned and the applicant executes the loan agreement and other related documents in the prescribed forms.

## **93. FURNISHING OF WRONG/FALSE PARTICULARS**

The board has full powers to recall the loan sanctioned to a member in case he or his surety has furnished wrong / false information to the bank in the loan application. Such member shall not be eligible to get any type of loan from the bank for a period of five (5) years, from the date of full repayment of the said loan

## **94. UTILIZATION AND REPAYMENT OF LOAN**

- a. A member shall utilize the amount of loan sanctioned for the purpose for which it was sanctioned. In case the sanctioned amount is utilized for a purpose different from the purpose for which it was sanctioned, the board shall have powers, to recall such loans together with interest up to date.
- a. It shall be the duty of every borrower to repay promptly the installment and interest on the loans and advances as per the terms and conditions, prevailing at the time of sanction
- b. When the loans and advances are repaid by the borrower, the overdue installments and interest towards unsecured loans and advances shall be recovered first and the balance amount shall be adjusted towards secured loans and advances

## **95. DEATH OF A BORROWER**

If a borrower dies or is declared legally disabled, the surety shall inform the bank in writing, within 15 days from the date of his knowledge about it and the board shall take immediate steps to recover the loan

## **96. DEATH OF A SURETY**

If a surety dies or is legally disabled, the borrower shall inform, the bank about it in writing within 15 days from the date of his knowledge about it. The chief executive officer shall inform the borrower, to furnish to the bank, another eligible surety within 15 days. If he fails to do so, notwithstanding anything contained in the loan agreement, the bank shall have full powers to recall and recover the loan immediately with up-to-date interest thereon

## **97. PURPOSE OF LOANS AND ADVANCES**

The Board shall advance personal loans and loans for construction and purchase of new houses, also on purchase of consumer goods and vehicles as defined in Motor Vehicles Act.

## **98. RECOVERY FROM PAY OF ALL MEMBERS :**

A Member loanee, Surety / co-obligant shall execute an agreement in favour of the Bank

providing therein that his employer shall be competent to deduct from the Salary / retirement Benefits and any other amount payable to the member / loanee / Surety by the respective offices, of such amount / amounts due to the Bank as per the terms of agreement and consent.

**99. LOANS AND ADVANCES TO MEMBERS OF STAFF**

Subject to staff service rules and regulations, the board may sanction loans and advances to any member of staff, who has put in more than three (3) years of permanent service in the bank

**100. PERIOD OF REPAYMENT OF LOANS, ADVANCES AND CASH CREDITS**

The period of repayment of loans, advances and cash credits shall be linked to the period of repayment of the borrowings of the bank from DCC Bank or Apex Bank or the maturity period of deposits which the bank receives and subject to the terms and conditions prescribed by Reserve Bank of India, Industrial Development Bank of India and Small Industries Development Bank of India

**101. ELIGIBILITY OF DIRECTORS TO BORROW**

The members of the board shall enjoy the same privileges in respect of different kinds of loans as that of other members, subject to the limit laid down in rule 27 of the KCS Rules and Provisions of Section 20 of the Banking Regulation Act 1949 (AACS) and as per the directives issued, by the Reserve Bank of India from time to time

**102. LEGAL ACTION ON OVERDUES**

The board shall take legal steps to recover the balance due from a borrower and/or his sureties, if he/they fail to pay it according to the terms of the loan agreement. The bank shall initiate legal steps to recover the dues, within 6 (six) months from the date of the loan becoming overdue

**103. GUARANTEES AND OTHER INDEMNITIES**

Guarantee and other indemnities and the like may be given to account holders approved by the board against their earmarked deposits with the bank and such deposits shall not be allowed to be withdrawn, till the guarantee and/ or indemnity given by the bank ceases to operate, subject to the directives that may be issued by the Reserve Bank of India, from time to time.

**104. DISQUALIFICATION OF DEFAULTERS**

- b. A member against whom an award is passed as the principal borrower shall not have at least for a period of six months from the date of full satisfaction of awarded dues, to the bank and a member against whom an award is passed as surety to another borrower, shall not have the right to get a loan and stand as surety at least upto the date of full satisfaction of the awarded dues, to the bank.
- c. After a period of six months from the date of full satisfaction of the awarded dues to the bank, the board may, on an application made by the principal borrower, restore the right to borrow again. In case of sureties, however, after full satisfaction of the awarded dues to the bank, the sureties concerned shall be entitled automatically, to exercise all the rights

**105. EXTENSION OF DATE OF REPAYMENT**

- a. On application in writing from the borrowers before the expiry of due date, the board may vary original terms of repayment. However, such extension of period of repayment shall not exceed beyond six months from the last date of

- repayment of the loan or installment of the loan
- b. The board may grant extension in respect of loans against pledge of fixed deposit receipts and government securities and other approved trustee securities upto the date of maturity of such securities provided the value of such securities is more by 25% over the loan amount, i.e., both principal and interest.
  - c. Under special circumstances, the Board may reschedule the loans and advance made to the member on the request.

**106. CUSTODY OF CASH BALANCE**

The cash balance and the keys of the bank shall be under the joint custody of the chief executive or an official authorized by him or an official authorised by the board and the cashier under a double lock system. The board shall from time to time, fix the limit of cash retention under the joint custody

**107. CUSTODY OF VALUABLES AND ORNAMENTS PLEDGED**

The valuables, ornaments, etc., pledged to the bank shall be under double lock system operated jointly by the chief executive or any officer authorized by him and any officer authorized by the board

**108. CUSTODY OF INSTRUMENTS ETC**

All the instruments, documents and deeds of the bank shall be under double lock system operated jointly by the chief executive or any officer authorized by him and any officer authorized by the board

**109. ACCOUNTS**

It shall be the responsibility of the chief executive or the officers or the officials authorized by him to maintain the books of accounts, ledgers, registers, documents, accounts, computerized accounts, minute's books, registers relating to assets and liability etc. under the supervision and direction of the board. It shall be the responsibility of the officers to produce such accounts, statements, records etc., before any authorized officer of the Reserve Bank and Registrar and auditors whenever necessary and called for. The chief executive or the officers or officials authorized by him shall be responsible for safe custody and maintenance of all records, books, ledgers, registers, documents, papers, receipts, vouchers, etc., accurately and precisely, and cause the same to be produced before the board whenever necessary. All accounts shall be made up to date, as prescribed from time to time and financial statements drawn up and returns filed regularly. All the accounts and registers shall be maintained in the formats prescribed as per rules framed by the board

**110. BALANCE SHEET AND OTHER FINANCIAL STATEMENTS**

- a. At the expiry of each co-operative year ending with 31st day of March, the bank shall prepare balance sheet, profit and loss account and other financial statements in the formats set out in the III Schedule to the Banking Regulation Act 1949 (AACS) or in formats as near thereto within thirty days from the close of the co-operative year and submit the same to the Registrar and auditor
- b. The balance sheet, Profit & Loss account and other financial statements shall be signed by the President, at least two Directors and the Chief Executive.
- c. The balance sheet, Profit & Loss account and other financial statements together with the Auditor's Report shall be published within a period of 6 months from the close of the co-operative year in a newspaper which has wide circulation in the area of operation of the bank. In case it is not possible to publish within 6 months, extension for 3 months shall be obtained from the Reserve Bank.

**111. INTERNAL CONTROL SYSTEM**

There shall be an effective internal control system in place as per the directions of the Reserve Bank directly under the control of the chief executive. The board shall appoint necessary staff for this purpose

**112. APPOINTMENT OF AUDITORS**

General Body in its Annual general meeting appoint an auditor or auditing firm to audit the accounts of the bank for the cooperative year in which the general meeting is held, from a panel of auditors and auditing firm provided the by the Director of cooperative audit not exceeding ten, to every cooperative society within thirty days from the close of the cooperative year, with such remuneration.

**113. APPOINTMENT OF INTERNAL AUDITORS**

The board shall appoint one or more internal auditors for specified period not exceeding three years at a time on such remuneration as may be fixed by it.

**114. QUALIFICATIONS FOR INTERNAL AUDITORS**

The internal auditor to be appointed under bye-law No. 93 shall hold at least one of the following qualifications

- a. A retired officer with higher diploma in co-operation and a minimum of three years experience in the audit of co-operative societies
- b. A chartered accountant with a minimum of three years experience in the audit of co-operative societies
- c. A retired officer of Reserve Bank of India or any commercial bank having experience in the inspection of banks

**115. DUTIES OF INTERNAL AUDITORS**

The duties of internal auditors shall be

- a. To vouch all transactions pertaining to the receipts and payments / income and expenditure of the bank. But all transactions relating to investments, capital expenditure and revenue expenditure shall be subject to pre-audit
- b. To audit the accounts of the bank every month and submit the related audit report in the format if any prescribed by the board, to the chief executive for further necessary action. Such report shall contain suggestions if any for strengthening the internal control system of the bank. However, if the auditors observe any grave financial irregularities, a special report shall be made to the chief executive immediately
- c. To determine the bad and doubtful debts as per the norms fixed by the Reserve Bank of India, from time to time

**116. REMOVAL OF INTERNAL AUDITORS**

The internal auditor shall audit the accounts of the bank every month and submit a report thereon to the chief executive within tenth of the close of the month. If he fails to do so and if there are no sufficient reasons for the default, the board after due notice to the auditor, may remove him from his office and appoint a duly qualified new auditor in his place for the unexpired period on such remunerations as it may deem fit

**117. INTERIM VACANCIES**

Any vacancy of the auditor occurring due to death, resignation, or otherwise, shall be filled up by the board. If an auditor resigns from his office before the expiry of his term and the same is accepted by the board, that office shall be deemed to have become vacant



## **118. ACCESS TO BOOKS**

The auditors shall have access to all records, books, accounts, vouchers, etc., of the bank and shall be entitled to verify cash balance and securities of the bank. The auditors shall also be entitled to call for any papers or documents belonging to the bank and shall make special report to the board upon any action. The board or chief executive or any other officer / official shall furnish all such information as to the transaction and working of the bank as the auditors may require

## **119. FUNDS AND UTILISATION OF FUNDS**

- 1. INVESTMENT FLUCTUATION FUND** - The amount to this fund shall be accumulated out of distribution of Net profits of the bank every year.
- 2. DEATH FUND** - If a member dies, an amount of Rs.5,000/- shall be paid out of this fund, if he is not eligible from Death Relief Fund, to the bereaved family member. The fund shall be created out of the distribution of net profits every year.
- 3. MEMBERS' WELFARE FUND** - There shall be a member's welfare fund for the benefit of the members. The amount earmarked for this purpose out of the distribution of net profits shall also be credited to this fund. This fund can be utilized for providing relief to a member, to meet the expenditure for Retirement function of a member, to meet the expenditure for medical check-up of the members, to meet the expenditure in respect of serious illness of the members and to provide incentives to the children of the members who secure the highest marks in S.S.L.C. and higher exams and as decided by the board for the welfare of the member from time to time.
- 4. JUBILEE FUND** - This fund will be utilized for the celebrations of Bank's jubilee functions like silver, golden, Diamond, Platinum, Centenary, etc. The amount to this fund shall be accumulated out of distribution of Net profits of the bank every year, through donations, sponsorship, advertisements. Etc. The expenditure from this fund shall be decided by the Board from time to time according to respective jubilee celebrations.
- 5. DIVIDEND EQUALIZATION FUND** - This fund can be utilized if the balance of net profits of the bank is not sufficient to declare minimum dividend to the members in a financial year. The amount to this fund shall be accumulated out of distribution of Net profits of the bank every year.
- 6. CHARITY FUND** - This fund shall be utilized for the charity work. This amount shall be utilized as per the Government / Reserve Bank of India guidelines. The amount to this fund shall be accumulated out of distribution of Net profits of the bank every year.
- 7. STAFF BENEVOLENT FUND** - This fund is established for the welfare of the staff. The amount to this fund is accumulated out of the distribution of net profits of the bank every year. This amount shall be utilized as per the directives/ rules framed by the Board.
- 8. EROSION OF ASSETS** - This fund will be utilized if the assets of the bank is

destroyed due to natural calamities, fire, theft etc.. The amount to this fund shall be accumulated out of distribution of Net profits of the bank every year

**120. METHOD OF DISTRIBUTION OF PROFITS**

At the general meeting, the net profits earned by the bank every year as calculated as per Section. 57 of the Act and rule 22 of the rules shall be announced and distributed as under. Before distributing profits, the accumulated losses of the previous year or years shall be deducted out of the net profits and the remaining balance of profits only shall be distributed as below

- |  |                         |
|--|-------------------------|
| a. Reserve Fund  | 25%                     |
| b. Co-operative Education Fund   | 2%                      |
| c. Investment fluctuation fund   | 5%                      |
| d. Dividends   | As Decided by the Board |
| e. Death Fund  | 10%                     |
| f. Members' welfare fund   | 10%                     |
| g. Jubilee fund  | 10%                     |
| h. Bad Debt Fund   | 10%                     |
| i. Dividend Equalization Fund  | 3%                      |
| j. Charity Fund  | 2%                      |
| k. Staff Benevolent Fund   | 3%                      |
| l. Erosion of Assets   | 2%                      |
| m. The remaining net profit if any shall be carried to the Reserve Fund. |                         |

**121. CONSTITUTION OF RESERVE FUND**

The Reserve Fund shall consist of

- a. The amount annually credited to the Fund in accordance with bye-law No.108.1
- b. The value of shares forfeited by the bank, if any
- c. Lapsed dividends
- d. Un- appropriated profits
- e. Donations

**122. INVESTMENT OF RESERVE FUND**

The Reserve Fund as on the end of the proceeding co-operative year shall be deposited with the District Central Co-operative Bank of the concerned district or the Karnataka State Cooperative Apex Bank, as long term fixed deposit or in any of the Government approved Securities/ trustee securities permitted under the Banking Regulation Act, 1949(AACS) or as per the direction of the Reserve Bank of India. The amount so deposited shall not ordinarily be withdrawn except with the prior permission of the Registrar. However, a portion of the amount so deposited may be withdrawn for utilization in the construction or purchase of the lands or buildings required for carrying on the objects of the society with the permission of the Registrar

**123. UTILISATION OF RESERVE FUND FOR MEETING LOSSES**

Any loss occurring as a net result of years working may with previous sanction of the Registrar be made good from the Reserve Fund. But this shall be restored from the profits of the next ensuing year or years.

**124. WRITING OFF BAD DEBTS**

1. All loans including interest thereon and recovery charges in respect thereof which are found irrecoverable and certified as bad debt and all other dues

certified as not recoverable by the Recovery Officer, may be written off from the bad and doubtful debt fund

- A. No such bad debt shall be written off, without the sanction of the general body though a resolution passed by two thirds majority of the members with right to vote present and voting at a general meeting
  - B. while giving such sanction, the general body may impose conditions, as to the recoupment/restoration of a part or whole of the amount written off, against the bad debts
2. The bank shall not except with a prior approval of the Reserve Bank of India, remit in whole or in part any amount due to it by
    - A. any of its past or present directors
    - B. any firm or registered society in which any of its directors is interested as director, partner, managing agent or guarantor; or
    - C. Any member, if any of the directors, is his partner or guarantor
  3. Any remission made in contravention of this provision shall be void and shall not be implemented

## 125. DEPOSITS

The Bank may accept Deposits on savings bank account, fixed deposit, recurring deposit and pension deposit account etc. as per the regulation of Reserve Bank of India.

- a. **MUTUAL BENEFIT SCHEME:** Every member (regular) shall subscribe a minimum of Rs. 200/- per month towards Mutual Benefit Scheme for members availing loan (except housing loan) from his/her salary towards the Mutual benefit Scheme till the date of his/her membership in the Bank. The Scheme shall be as per the Deposit rules of the Reserve Bank of India.
- b. **DEATH RELIEF SCHEME:** The member shall contribute Rs. 300/-- towards Death Relief Fund. If a member dies, the legal heirs of the deceased are entitled to get Rs.4. 400,000/- lakh out of which Rs 10,000/- will be paid immediately. In case of retirement / resignation of the member, the member is entitled to get 50% of their contribution together with rate of interest as decided by the Board from time to time thereon subject to the adjustment of amount due to the Bank
- c. **MEDICAL RELIEF SCHEME:** Every member shall subscribe Rs.25/- p.m. towards Medical Relief scheme. The subscription thus recovered is non-refundable. The member is entitled to the extent of Rs.50,000/- towards medical expenses incurred by him and the sanction of the amount will be decided as per the Subsidiary Rules framed by the Board and approval by the General Body from time to time.
- d. **SURETY RELIEF FUND:** Every member shall contribute Rs. 15/- p.m. towards surety relief fund, which is not refundable. The Rate of interest to be allowed on the fund collected under the scheme shall be decided by the Board from time to time. The relief will be provided to the surety out of the amount accrued in the fund. If more cases are received the relief will be given in a phased manner based on seniority on the date of event. The amount to be adjusted under the scheme will be the amount outstanding from the principle loanee on the date of his death / dismissal / terminated / Retrenchment (i.e. date of Office order). In death cases, if any amount is outstanding after adjusting the amount from DRF/MBS, share account, and any amount due to him from office the Balance will be adjusted out of this fund.

**126. INVESTMENTS OF THE FUNDS OF THE BANK**

The funds of the bank shall be deposited / invested in any approved Government Securities / Bonds, Mutual Fund, Other Financial Institutions, Banks, Post Office or Government Treasury at the discretion of the Committee of Management as per the guidelines of Reserve Bank of India.

**127. CALCULATION OF DIVIDEND**

All persons admitted as members in a month of a co-operative year shall be eligible for receipt of dividend proportionately for the remaining months of that co-operative year

A member who transfers his shares shall not be entitled to receive dividend, on those shares for the year, in which the transfer is affected. If a share of the member is adjusted by the bank under Section 35 of the Act, no dividend on such share shall be paid for the year, in which the adjustments are made

**128. LAPSE OF DIVIDEND**

If no dividend is claimed for a period of three years from the date of declaration, a notice shall be issued by the board, calling upon the concerned member to take the amount within three months, from the date of notice. If the dividend is not claimed within that period, the amount shall be credited to the Reserve Fund

Notice in the annual report is sufficient for the purpose of this bye-law

**129. BYE-LAWS AND OTHER RECORDS**

A member has a right to inspect the bye-law and other records of the bank during working hours, with prior notice to the bank. A member can make notes, if necessary; obtain copies thereof by payment of the prescribed fee. The bank may allow members who have given prior notice to inspect the proceedings of the Annual General Meeting. The bank shall arrange to supply in time copies of the required documents, after receipt of the prescribed fees

**130. INSPECTION OF PERSONAL ACCOUNTS**

Any account holder or any customer may inspect any of the registers, ledgers, records, etc., relating to his own business transaction during working hours with prior intimation. He may make notes and obtain copies on application and on payment of the prescribed fees

**131. SUPPLY OF COPY MEMBERS LIST**

The bank shall prepare up-to-date list of its members with their names and addresses, once in a year and shall furnish a copy thereof to the members requiring the same on payment of such fees as may be prescribed by the board. The chief executive may issue copies of such list under his signature and bank's seal, indicating the date of issue.

**132. MANNER OF AMENDING BYE-LAWS**

Subject to the provisions of the Act and the rules, the bye-laws may be amended through a resolution adopted by a majority of at least 2/3rd of the members present and voting at a general meeting.

Provided that, the notice of the general meeting along with the amendment proposals indicating the bye-law no, text of the existing byelaw, text of the proposed amendment and the reasons there for has been given to every member atleast 15 days prior to the date of the meeting. Such amendments shall come into force, from the date of

registration by the Registrar

**133. MAINTENANCE OF SECRECY**

Every member of the board and every employee of the bank shall before entering upon his duties, sign a declaration in the form specified by the board pledging secrecy of all transactions of the bank with its members or customers and all matters relating thereto and shall not reveal any of the matters which may come to his knowledge, in discharge of his duties, except when required or authorized to do so by the board or bye-laws of the bank or any other competent authority

**134. COMMON SEAL**

The bank shall have a common seal and every instrument to which it is affixed shall be signed by the chief executive, or an officer duly authorised by him. The seal shall be in the custody of the chief executive, or an officer duly authorised by him

**135. MATTERS NOT PROVIDED FOR IN THE BYE-LAWS**

All matters not provided-for in the bye-laws shall be decided according to the provisions of the Act, rules and banking regulation Act, 1949, (AACs)

**136. MEMBERSHIP IN OTHER COOPERATIVE INSTITUTIONS**

- a. Karnataka State Urban Co-operative Bank's Federation Ltd., Bangalore
- b. Karnataka State Co-operative Federation Ltd., Bangalore
- c. National Federation of Urban Co-operative Banks and Credit Societies, New Delhi
- d. District Central Co-operative Bank of the district concerned
- e. Karnataka State Co-operative Apex Bank Ltd., Bangalore
- f. District Co-operative Union Ltd., of the district concerned
- g. Such other institutions whose object is conducive to banking and co-operative education

**137. NOTICE UNDER THE BYE-LAWS**

All notices of meetings and all other notices shall be deemed to have been received if e-mail or SMS or Courier or Local delivery or posted to the address given by the share holders, depositors and other customers and if there are documents to prove that the communication has been sent. It is the primary duty of every member to keep the bank informed in writing of change of his address if any within fifteen days from the date of such change.

**138. PROHIBITION IN PURCHASE OF MEMBERS' PROPERTY BY THE OFFICERS OF THE BANK**

No director, officer or employee of the bank shall purchase directly or indirectly any property of the defaulting members brought for sale for recovery of dues to the bank

**139. PROTECTION OF BANK'S VALUABLES**

In case of emergency, any property, documents, securities including keys in the custody of the bank shall be kept in the custody of Government Treasury or State Bank of India and its subsidiaries or Reserve Bank of India or any other bank as may be decided by the board.

**140. INTERPRETATION OF THE ACT, THE RULES AND THE BYE-LAWS**

Should any doubt arise as to the construction or interpretation of any of the provisions of the Act, the rules or the bye-laws, the board shall refer to the Registrar for his advice and opinion and act according to his advice. The opinion of the Registrar shall be final and binding on all the concerned.

**141. INSPECTION BY THE MEMBERS OF THE ACT, THE RULES AND THE BYE-LAWS**

The bank shall keep a copy of the Act, the rules as also the bye-laws and subsidiary / service rule as amended from time to time at the registered office. The same shall be open to inspection by all the members free of charge at all reasonable times.