

## BYE-LAWS

### OF

## NIKUNJ MULTI STATE CO-OPERATIVE GROUP HOUSING SOCIETY LIMITED

"H-31, First Floor, Green Park Extn. New Delhi-110016"

#### 1. Name of the Society:

The society shall be called NIKUNJ MULTI STATE CO-OPERATIVE GROUP HOUSING SOCIETY LIMITED.

#### 2. Principle Place of Business and Registered office:

- (i) The Society shall have a principal place of business which shall be the registered office of the society. The Headquarter of the society shall be at "H-31, First Floor, Green Park Extn. New Delhi-110016".
- (ii) Any change in address shall be notified to the Central Registrar within 15 days of its change and also published in local newspaper and shall be made by an amendment of its bye-laws after following the procedures laid down in Sec. 11 of the Multi State Coop. Societies Act, 2002.

#### 3. Area of Operation:

The area of operation of the society shall be confined to the states of Delhi and Uttar Pradesh.

#### 4. Definitions:

(As per Section 3 of MSCS Act, 2002)

The words/expressions appearing in these bye-laws shall have the following meaning unless otherwise provided:

- (a) "Act" or "MSCS Act" means the Multi-State Cooperative Societies Act, 2002 as amended from time to time.
- (b) "Rules" means the Multi-State Cooperative Societies Rules, 2002 made under this Act, and amended from time to time.
- (c) "Central Registrar" means the Central Registrar of Cooperative Societies appointed under the provisions of the Multi State Cooperative Society Act, 2002.
- (d) "Bye-laws" means the Bye-laws of the Nikunj Multi State Co-operative Group Housing Society Limited for the time being in force which have been duly registered or deemed to have been registered under this Act and includes amendments thereto which have been duly registered or deemed to have been registered under MSCS Act, 2002;
- (e) "Delegate" means a person who is duly appointed/elected by the members of the society or part thereof in accordance with its bye-laws as its representatives





to the General Body of the society or a person who is duly authorised by the Board of the member society to represent the society in General body of the society of which the society is a member.

- (f) **"General Body"** means all the members of the society.
- (g) **"Board"** means the Board of Directors of the Society.
- (h) **"General Meeting"** means a meeting of the general body of the society and includes special general meeting;
- (i) **"Chief Executive"** means the Chief Executive of the Nikunj Multi State Co-operative Group Housing Society Limited appointed under section 51 of MSCS Act, 2002;
- (j) **"Officer"** means a Chairman, Vice-Chairman, Chief Executive, Secretary, Treasurer, Director, Members of the Board, Liquidator and Administrator appointed under Section 123 and includes any other person empowered under Multi State Cooperative Societies Act or the rules or the Bye-laws to give direction in regard to business of the Multi State Cooperative Society.
- (k) **"Member"** means a person joining in the application for the registration of a Multi-State Co-operative society and includes a person admitted to membership after such registration in accordance with the provisions of MSCS Act, the rules and the bye-laws;
- (l) **"Nominal"** member means a person who has been admitted as a nominal member or associate member under the bye-law of the society.
- (m) **"Society means"** the "Nikunj Multi State Co-operative Group Housing Society Limited", a cooperative society registered or deemed to be registered under the Multi-State Cooperative Societies Act, 2002;
- (n) **"Reserve Bank"** means the Reserve Bank of India constituted under the RBI Act 1934 -(2 of 1934);
- (o) **"Defaulter"** means a member who has defaulted in payment of any kind of dues payable to the society;
- (p) **"Cooperative Year"** means the period from 1<sup>st</sup> of April to 31<sup>st</sup> March;
- (q) **"Area of Operation"** means the area from which the persons are admitted as members of the society;
- (r) **"Prescribed"** means prescribed by rules;
- (s) **"Cooperative Principles"** means the cooperative principles as specified in the first schedule of the Multi-State Cooperative Societies Act, 2002.

#### Objects & Services to be provided to the members:

The following are the objectives and Services of the Society:-



For Nikunj Multi State Co-operative  
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## Objects and Functions:

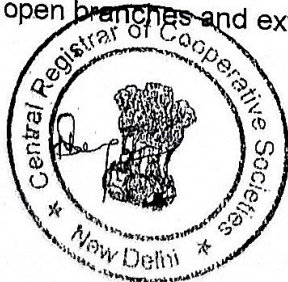
### (a) Objects:

- (i) The principal object of the society will be to promote the interests of all its members to attain their social and economic betterment through self-help and mutual aid in accordance with the cooperative principles.
- (ii) Raise funds from members for purchase of land for the development of plot or for construction of flats for the members of the Society.
- (iii) To purchase on ownership basis/lease hold basis land and / or build up structures completely or in any other way for the purpose of providing plots or flats to its members and to provide areas for common facilities including club house, parking space, sports complex, health club, community centre, auditorium, arbitration centres and other facilities, amenities for its members including all other related purposes.

### (b) Functions:

In furtherance of the above objects, the society may undertake any or all the following activities:-

- (i) To acquire through outright purchase land and allot plots to members of the society on such terms and conditions as may be fixed by the board of the society for the construction of houses by the members for their own use.
- (ii) To acquire either through outright purchase or on lease for construction of residential building or allot plots to members of the society on such terms and conditions as may be fixed by the board of the society for the construction of house by the members of the society own use and arrange for the maintenance of the estate of the society including road lanes park and community centre.
- (iii) To receive money from members for purchase of land or construction of flats or for development of common facilities including club house, parking space, sports complex, health club, community centre, auditorium or any other facilities, amenities for the members of the society.
- (iv) To purchase, take on lease or in exchange or acquire lands, buildings or any movable or immovable property necessary for the business of the Society.
- (v) To take all necessary steps for creating, acquiring and/ or protecting own brand, logo, and brand name.
- (vi) To do all efforts for enhancing status of members socially, morally and economically.
- (vii) To undertake and implement various schemes for members of the Society and employees for their overall development in respect of education, culture and socio-economic.
- (viii) To open branches and extension counters in its area of operation of Society.



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- g) To acquire for merger or to manage or to undertake the whole or the part of business of any other Co-operative Society and / or members of the Society.
- h) Generally to take all such measures as may be found necessary for time to achieve its objectives and do all such acts and things as the Society may consider conducive or incidental to the attainment of the above objects or any one of them.

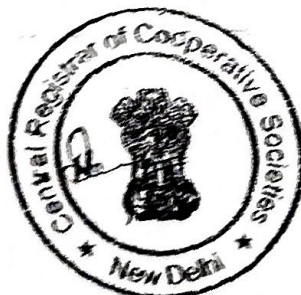
#### **Society to be a Body Corporate:**

(As per section 9 of MSCS Act, 2002)

The registration of the society shall render it a body corporate having perpetual succession and with power to acquire, hold and dispose of property, both moveable and immoveable, enter into contract, institute and defend suits and other legal proceedings and to do all things necessary for the purpose for which it is constituted and shall by the said name, sue or be sued.

#### **Eligibility for Obtaining Ordinary Membership:**

- (1) An applicant shall be eligible to become ordinary member of the society if he fulfills following condition;
  - (i) He has applied in writing in the form laid down by the society.
  - (ii) He has given declaration that he is not a member of any other similar type of co-operative society.
  - (iii) He genuinely need the services provided by the society.
  - (iv) He resides within the area of operation.
  - (v) His interest does not conflict with the interest of the society.
  - (vi) He has attained the age of 18 years.
  - (vii) He has paid admission fee and purchased minimum one share and paid the value thereof in full.
  - (viii) He has fulfilled all other conditions laid down in the Act, the rules and the bye-laws.
  - (ix) His application is approved by the board of the society.
- (2) No person shall be eligible for admission as a member of the society if:
  - (i) He has been adjudged by a competent court to be a insolvent or a undercharged insolvent.
  - (ii) He has been sentenced for any offence, other than offence of a political character or an offence not involving moral turpitude and dishonesty and a period of five years has not elapsed from the date of expiry of the sentence.





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#### B. Membership & Admission Fees:

The society shall have the following membership & their Admission fees;

- |                                   |   |               |
|-----------------------------------|---|---------------|
| (i) Ordinary Members              | : | Rs. 50/- only |
| (ii) Nominal or Associate Members | : | Rs. 50/- only |

#### 9. Ordinary Members:

The following persons can be admitted as ordinary members of the society:

- (i) An adult individual competent to contract under section 11 of the Indian Contract Act, 1872.
- (ii) Any multi-state co-operative society or any co-operative society; (except similar type of cooperative society).
- (iii) The Central Government;
- (iv) A State Government;
- (v) The National Co-operative Development Corporation established under the National Co-operative Development Corporation Act, 1962;
- (vi) Any other corporation owned or controlled by the Government;
- (vii) Any Government company as defined in section 617 of the Companies Act, 1956;
- (viii) Such class or classes of persons or association of persons as may be permitted by the Central Registrar having regard to the nature and activities of the society.

#### 10. Nominal Members: (As per section 26 of MSCS Act, 2002)



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The society may, in the interest of promotion of the business, admit a person as nominal member or associate member on payment of fee of Rupees 50/- only provided that such member will neither be entitled to subscribe to the share capital of the society nor allowed to have any interest in the management of the society including right to vote, contest election as director of the board or participate in the meeting of board or general body of the society.

**Procedure for Obtaining Ordinary Membership:**

As per Rule 11(a) & Rule 11(c) of MSCS Rules 2002)

The application for Ordinary membership of the society shall be submitted by an applicant to the Chief Executive of the society in prescribed form along with full payment of admission/membership fee of Rs. 50/- and value of minimum one share of Rs. 100/-.

**Disposal:**

The applications for ordinary membership of the society found complete in all respects shall be disposed of within the period of four months from the date of receipt of the application by the society. The same shall be communicated to the applicant within fifteen days of the decision by Registered Post.

The admission fee/ membership fee shall not be refundable in any case.

**Procedure for withdrawal or resignation from membership:**

- (i) Any member of the society may withdraw or resign from membership of the society only after one year by giving at least three months notice and duly approved by the Board of the society.
- (ii) A member who withdraws or resigns from the membership of the society shall not be eligible for re-admission as a member of the society, for a period of one year from the date of his withdrawal or resignation from membership.

**Procedure for expulsion from membership:**

(As per section 30 of MSCS Act, 2002)

- (i) The society may, by resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of members held for the purpose, expel a member for acts which are detrimental to the proper working of the society.

Provided the member concerned shall not be expelled unless he has been given a reasonable opportunity of making representation in the matter.

- (ii) No member of the society who has been expelled under sub-section (i) shall be eligible for re-admission as a member of the society, for a period of one year from the date of such expulsion.

**Disqualifications for Member of the Society:**

As per Section 29 of MSCS Act, 2002)



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No person shall be eligible for being or continuing as a member of the society if:

- (i) His business is in conflict or competitive with the business of the society;
- (ii) He used for two consecutive years the services below Rupees 20000/- per year, or
- (iii) He has not attended three consecutive general meeting of the society and such absence has not been condoned by simple majority of the members in the general meeting; or
- (iv) He has made any default in payment of any amount to be paid to the society under the bye laws of the society.

**15. Notice to defaulters before disqualifying them:**

The defaulters shall be given reasonable opportunity of making representation in the matter before disqualifying them from membership of the society by serving them notice before 15 days that why their membership may not be terminated.

**16. Cessation of Membership:**

The membership of the society may cease in case of:

- (i) Resignation or death of the member.
- (ii) Cancellation of registration of the society;
- (iii) All the shares are transferred to other members;
- (iv) Expelled by the general body;
- (v) Incurring any of the disqualifications of membership.

**17. Liability of Members:**

(As per Section 16 of MSCS Act, 2002)

- (i) Liability of the members shall be limited to the share capital subscribed by them;
- (ii) Liability of every member would continue for period of two years from the date of ceasing to be member of the society.

**3. Rights and Duties of the Members:**

- (i) A member of the society shall exercise the rights of a member if he has paid the membership fee and purchased minimum one share as specified in the bye laws.
- (ii) Right to receive notice of general body meetings as per bye-laws of the society;
- (iii) A member of the society shall have one vote in the affairs of the society.
- (iv) A member of the society shall exercise his vote in person and he shall not be permitted to vote by proxy.
- (v) A member of the society shall have right to attend and take active part in the proceedings of the general body meeting;
- (vi) A member of the society shall have right to take part in elections and contest for any post as per provision of the Act, Rules and Bye-Laws of the society;
- (vii) A member of the society shall have right to inspect register of members books of accounts or any other record and obtain certified copies of the documents.
- (viii) A member of the society should not be indulged in activities which are detrimental to proper working of the society.



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19. **Transfer of interest on death of members:**  
(As per Section 36 of MSCS Act, 2002)

- (i) On death of a member, the society may pay to the person or persons nominated a sum representing the value of the shareholder's interest in the society within six months from the death of the shareholder or if there is no nomination the society may pay to such person or persons as may appear to the Board to be entitled to receive the same as heir or legal representative of the deceased shareholder on his or their executing an appropriate deed of indemnity in favour of the society unless prevented by an order of a competent court.

Provided that no such transfer or payment shall be made except with the consent of the nominee, heir or legal representative, as the case may be.

- (ii) All transfers and payments made by the society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by other person.

20. **Nomination:**

- (i) A member may nominate a person to receive the member's interest in the society after his death. Nomination shall be made in the prescribed form and entered in the special register kept at the society's registered office. Prior approval of the Board shall be necessary if the person to be nominated is an employee of the society.
- (ii) Nomination can be revoked and fresh nomination be made by a member at number of times after due intimation in writing to the society and on payment of prescribed fee as determined by the Board from time to time for every subsequent nomination.

21. **Liability of Past Members and Estate of a Deceased Member:**

- (1) The liability of a past member or of the estate of a deceased member of the society for the debts of the society as they existed,
- (a) In the case of a past member, on the date on which he ceased to be a member,
- (b) In the case of a deceased member, on the date of his death shall continue for a period of two years from such date.
- (2) However, where the society is ordered to be wound up under section 86 of the Act, the liability of a past member who ceased to be a member or of the estate of a deceased member who died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts of the society as they existed on the date of cessation of membership or death, as the case may be.

22. **Authorized Share Capital:**



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authorized share capital of the society shall be Rupees 250000000/- (Twenty five Crores Only) which shall comprise of Twenty five Lacs shares of the face value of Rupees 100/- each

#### Joint Shareholders

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

On death of a joint-holder, the surviving person/ persons shall be recognized as joint shareholder/holders

The joint-holder of any share shall be liable severally as well as jointly for all payments which are to be made in respect of such share or shares.

The person whose name stands first written on the share certificate shall enjoy all the rights of a member and be responsible for all the liabilities of a member. He shall be entitled to receive the annual dividend and notice of the General Meeting.

Where a share of the society is held jointly by more than one person, the person whose name stands first in the share certificate, if present, shall have the right to vote. But in his absence, the person whose name stands second and, in the absence of both, the person whose name stands next, and likewise in the absence of preceding persons the person whose name is next on the share certificate, who is present and who is not a minor, shall have right to vote.

#### Share Certificate:

- (i) Every member shall be entitled to receive a share certificate gratis stating the number of shares and their distinctive numbers. The share certificates shall be signed by the Chief Executive and any Director authorized by the Board and bear the seal of the society.
- (ii) If any certificate be worn out, defaced, destroyed or lost, a new share certificate may be issued in lieu thereof on payment of a fee of Rupees 10/- per share. It shall, however, be necessary to produce evidence to the satisfaction of the Board that the share certificates were worn out, defaced, destroyed or lost, or in absence of such evidence, on such indemnity as the Board may deem sufficient.

#### Maximum holding of shares:

No member other than the authorities referred to in clause (c) to (g) of sub section (1) of section 25 of the Act shall hold more than  $1/5^{th}$  of the total share capital of the society.

#### Transfer of Shares:

- (i) A member may transfer his share or shares after holding them for not less than one year to another member duly approved by the Board of Directors. The transfer is not complete until the name of the transferee has been duly entered in the register of members and the transfer fee of Rupees 10/- per share is paid.
- (ii) The transfer, allotment and redemption of shares shall be on the face value of the shares.

The Board may, on application, by a member:



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- (i) Approve conversion of shares allotted to it or part thereof into those of other denominations subject to such conditions as the Board may decide to impose.
- (ii) Consolidate all or some of the partly paid shares already allotted to member.

#### **Lien on Shares, Dividends and Deposits:**

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

#### **29. Sources of Funds:**

The society may receive funds from any or all the following sources:

- (i) Admission fee;
- (ii) Share capital;
- (iii) Grants-in-aid;
- (iv) Donations;
- (v) Contributions from members;
- (vi) Subscriptions;
- (vii) Profit.

#### **0. Restrictions on Borrowing:** (Section 67 of MSCS Act, 2002)

The multi state co-operative society shall be eligible to receive deposits and loans from external sources provided that the total amount of deposits and loans received during any financial year shall not exceed ten times of the sum of subscribed share capital and accumulated reserves minus losses if any.

#### **1. Constitution of the Board of Directors:** (As per Section 41 of MSCS Act, 2002)

The affairs of the society shall be managed by the board of directors consisting of the following:

- (i) The Board of Director shall consist of Eleven Director Including Chief executive.
- (ii) Director to be elected by the members in the general body, the elected directors should constitute of 2 women and there should be 1 reservation seat for Scheduled Caste/Scheduled Tribes.
- (iii) Chief Executive shall be the ex-officio member of the Board who shall be appointed by the Board of Directors.
- (iv) Ten Directors to be elected by the members in the General Body meeting.
- (v) The Maximum Numbers of Directors in no case shall exceed 21.



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### **Right of a Member to Get Information**

The society shall ensure timely access of information to its members as per 97<sup>th</sup> Constitutional Amendment Act, 2011. For this purpose, the society shall designate the MD or any other Director or any other officer of the society as the information officer. The information officer shall provide access to books, information and accounts of the society which shall be kept in regular transaction of its business with its members.

### **Term of the Board of Directors:**

(As per Section 45(5) of MSCS Act, 2002)

The term of the office of the elected Members of the Board of Directors shall be five years from the date of election.

### **Elections of members of the board:**

(As per Section 45 of MSCS Act, 2002)

- (i) The election of the members of the board shall be held in the general body meeting of the members of the society by secret ballot.
- (ii) The elected members of the board shall be eligible for re-election.
- (iii) Where the board fails to conduct election of the members of board, the Central Registrar shall hold the election within a period of ninety days from the date when such election became due.
- (iv) No person shall be eligible to be elected as a member of the board of the society unless he is a member of the general body of the society.
- (v) The expenses for holding election by the Central Registrar shall be borne by the society.
- (vi) The Central Government may take rules generally to provide for or do regulate matters in respect of election of members of the board.
- (vii) The election of a board shall be conducted before the expiry of the term of the board so as to ensure that the newly elected members of the board assume office immediately on the expiry of the office of members of the outgoing board.
- (viii) The society may, by law, provide for the procedure and guidelines for the conduct of election of the board.

### **5. Removal of elected members of Board by General Body:**

(As per Section 47 of MSCS Act, 2002)

An elected member of a board, who has acted adversely to the interests of the society, may on the basis of a report of the Central Registrar or otherwise be removed from the board upon a resolution of the general body passed at its meeting by a majority of not less than two-third of the members present and voting at the meeting.

Provided the member concerned shall not be removed unless he has been given a reasonable opportunity of making a representation in the matter.

### **36. Filling up of vacancy on the board:**



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If any vacancy arises in the board of Directors, it shall be filled up by election in the general body meeting for the remaining unexpired term of the board of the society. The Board may fill a casual vacancy on the board by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of the office of the board is less than half of its original term.

**Disqualifications for being a member of board:**  
(As per Section 43 of MSCS Act, 2002)

(1) No member of the society shall be eligible for being chosen as a member of the board of the Nikunj Multi State Co-operative Group Housing Society Limited, if such member:

- (a) Has been adjudged by a competent court to be insolvent or of unsound mind;
- (b) is concerned or participates in the profits of any contract with the society;
- (c) Has been convicted for an offence involving moral turpitude;
- (d) Holds any office or place of profit under the society:

Provided that the Chief Executive or other full-time employees of the society as may be notified by the Central Government from time to time or a person elected by the employees of the society to represent them on the board of the society shall be eligible for being chosen as, or for being, a member of the board;

- (e) Has been a member of the society for less than twelve months immediately preceding the date of such election or appointment;
- (f) Has interest in any business of the kind carried on by the society of which he is a member.
- (g) has taken loan or goods on credit from the society of which he is a member, or is otherwise indebted to the society and after the receipt of a notice of default issued to him by the society, has defaulted:
  - (i) in repayment of such loan or debt or in payment of the price of the goods taken on credit, as the case may be, within the date fixed for such repayment or payment or where such date is extended, which in no case shall exceed six months, within the date so extended, or
  - (ii) When such loan or debt or the price of goods taken on credit is to be paid, in installments, in payment of any installment, and the amount in default or any part thereof has remained unpaid on the expiry of six months from the date of such default;

Provided that a member of the board who has ceased to hold office as such under this clause shall not be eligible, for a period of one year, from the date on which he ceased to hold office, for re-election as a member of the board of the society of which he was a member of for the election to the board of any other society;

- (h) Is a person against whom any amount due under a decree, decision or order pending recovery under this Act, 2002;
- (i) Is retained or employed as a legal practitioner on behalf of or against the society



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*Explanation:* For the purposes of this clause, "legal practitioner" has the same meaning as in clause (l) of sub-section (1) of section 2 of the Advocates act, 1961 (25 of 1961);

- (j) Has been convicted for any offence under this Act;
- (k) Is disqualified for being a member under section 29;
- (l) Has been expelled as a member under section 30;
- (m) absents himself from three consecutive board meetings and such absence has not been condoned to by the board;
- (n) absents himself from three consecutive general body meetings and such absence has not been condoned by the members in the general body.

A person shall not be eligible for being elected as member of a board of society for a period of five years if the board of such society fails:

- (a) To conduct elections of the board under section 45 of MSCS Act, 2002; or
- (b) To call the annual general meeting under section 39 of MSCS Act, 2002; or
- (c) To prepare the financial statement and present the same in the annual general meeting.

### 3. Powers & Functions of Board:

(As per Section 49 of MSCS Act, 2002)

- ) The board may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under this Act.
- ) Without prejudice to the generality of the foregoing powers, such powers shall include the powers:
  - (a) To admit members;
  - (b) To interpret the organizational objectives and set up specified goals to be achieved towards these objectives;
  - (c) To make periodic appraisal of operations;
  - (d) To appoint and remove a Chief Executive and such other employees of the society as are not required to be appointed by the Chief Executive;
  - (e) To make provisions for regulating the appointment of employees of the society and the scales of pay, allowances and other conditions of service of, including disciplinary action against, such employees;
  - (f) To place the annual report, annual financial statements, annual plan and budget for the approval of the general body;
  - (g) To consider audit and compliance report and place the same before the general body;
  - (h) To acquire or dispose of the immoveable property;
  - (i) To review membership in other co-operatives;
  - (j) To approve annual and supplementary budget;
  - (k) To raise funds;



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- (l) To sanction loans to the members; and
- (m) To take such other measures or to do such other acts as may be prescribed or required under this Act or the bye-laws or as may be delegated by the general body.

**Meetings of Board of Directors:**  
(As per Section 50 of MSCS Act, 2002)

- (a) The Chief Executive shall convene the meetings of board at the instance of the Chairman of the society.
- (b) The total number of meetings of the board in a year shall be four and the Board of Directors shall meet at least once in every quarter;
- (c) The meetings of the Board of Directors shall normally be held at the registered office of the society. In exceptional cases, the meetings of the board may be held at any other place as decided by the Board;
- (d) The meetings of the Board of Directors shall be presided over by the Chairman or in his absence by the Vice Chairman and in the absence of both Chairman and Vice-Chairman, the Directors present in the meeting shall elect a Chairman for the meeting from among themselves to preside.
- (e) Fourteen days notice shall ordinarily be necessary for the meeting of the Board of Directors;
- (f) The Quorum for the board meeting of the Board of Directors shall be 2/3<sup>rd</sup> members of the board of the society.

**40. Minutes of the Meeting of Board of Directors:**

The minutes of meeting of the Board of Directors shall be recorded in the Minute Book kept for the purpose within thirty days of the meeting and the pages of which shall be duly numbered. The Chairman of the meeting and Chief Executive of the Society shall sign the minutes of the meeting.

**41. Committee of Board:**  
(As per Section 53 of MSCS Act, 2002)

The Board may constitute an Executive Committee and other committees or sub-committees as may be considered necessary, provided committees or sub-committees other than the Executive committee shall not exceed three at a given point of time.

**42. General Body:**

- (i) The general body of the society shall consist of all members of the society.
- (ii) The final authority of the society shall vest in the general body subject to the provisions of the MSCS Act & Rules.



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**Annual General Body Meeting:**  
(As per Section 39 of MSCS Act, 2002)

The society shall hold the annual general meeting of its members at the principal place of the society not later than a period of six months after the close of co-operative year for the purpose of:

- (a) Consideration of the audited statement of accounts;
- (b) Consideration of the audit report and annual report;
- (c) Consideration of audit compliance report;
- (d) Disposal of net profits;
- (e) Review of operational deficit, if any;
- (f) Creation of specific reserves and other funds;
- (g) Approval of the annual budget;
- (h) Review of actual utilisation of reserve and other funds;
- (i) Approval of the long-term perspective plan and the annual operational plan;
- (j) Review of annual report and accounts of subsidiary institution, if any;
- (k) Expulsion of members;
- (l) List of employees who are relatives of members of the board or of the Chief Executive;
- (m) Amendment of bye-laws, if any;
- (n) Formulation of code of conduct for the members of the board and officers;
- (o) Election & removal of members of the board, if any;
- (p) Consider the statement showing details of loans or goods on credit if any given to any director or to the spouse of the director or his/her son or daughter during the preceding year or outstanding against any of them;
- (q) Approval for appointment of Auditors & fixation of remuneration;
- (r) Any other matter laid before it by the Board of Directors.

**4. Special General Body Meeting:**  
(As per section 40 of MSCS Act, 2002)

- (1) The Chief Executive may, at any time, on the direction of the board, call a special general meeting of the society and shall call such meeting within one month after the receipt of a requisition in writing from the Central Registrar or  $\frac{1}{5}^{\text{th}}$  of the total number of members of the society to transact the business as stated in notice of the meeting.
- (2) If a special general meeting of a multi-State co-operative society is not called in accordance with the requisition referred to in sub-section (1), the Central Registrar or any person authorised by him in this behalf shall have the power to call such meeting and that meeting shall be deemed to be a meeting called by the Chief Executive in accordance with the provisions of that sub-section and the Central Registrar may order that the expenditure incurred in calling such meeting shall be paid out of the funds of the society or by such person or persons who, in



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the opinion of the Central Registrar, was or were responsible for the refusal or failure to convene the special general meeting.

**Notice for the Annual General Body Meeting and Special General Body Meetings:**

(As per Rule 15(1) & 15(5) of MSCS Rules, 2002)

- (a) Annual General Meeting of the society may be called by giving not less than 14 days notice in writing to all the members of the society, accompanied by a copy of each of the audited balance-sheet, profit and loss account together with the auditors report relating to the preceding year and the report of the Board, amendment of bye-laws, if any and election of members of the board, if any.

(As per Rule 15(2) of MSCS Rules, 2002)

- (b) Special General Meeting of the society may be called by giving not less than 7 days notice in writing to all the members of the society.
- (c) The notice of annual general body meeting and special general meeting shall be sent to members by any of the following mode:
- (i) By Local delivery
  - (ii) Under Postal Certificate
  - (iii) By Speed Post
  - (iv) By Registered Post

Notice of the general body meeting shall also be affixed on the notice board of the registered office and by publication in the news paper having wide circulation.

46.

**Quorum at a General Meeting:**

(As per Rule 16 of MSCS Rules, 2002)

- (i) The quorum for the general meeting shall be one fifth of the total number of members of the general body of the society.
- (ii) 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;
- (iii) If within half an hour from the time appointed for the meeting, quorum is not present, the meeting shall stand adjourned and would be held after half an hour at which the quorum will not be required.
- (iv) If at any time during the meeting sufficient number of members are not present to form the quorum, the Chairman or the member presiding over the meeting on his own, or on his attention being drawn to this fact, shall adjourn the meeting and the business that remains to be transacted at this meeting, if any, shall be disposed off in the usual manner at the adjourned meeting;
- (v) Where a meeting is adjourned under sub-clause (iii) or (iv) the adjourned meeting shall be held either on the same day or on such date, time and place as may be decided by the Chairman or the member presiding over the meeting, but within seven days from the date of adjourned meeting.



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- (vi) No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting under sub-rule (iii) or sub-rule (iv);
- (vii) No quorum shall be necessary in respect of an adjourned general meeting.

**Minutes of General Body Meeting:**

Minutes of the General Body Meeting shall be entered in the minutes book kept for the purpose within thirty days of the conclusion of the meeting and shall be signed by the Chairman and Chief Executive of the meeting. The minutes so signed shall be an evidence of the correct proceedings of that meeting.

**Vote of Member & Manner of Exercising Vote:**  
(As per section 31 & 32 of MSCS Act, 2002)

- (i) Every member of the society shall have one vote in the affairs of the society;
- (ii) In the case of an equality of votes, the Chairman shall have a casting vote;
- (iii) Every member of the society shall exercise his vote in person and no member shall be permitted to vote by proxy.

49. **Chief Executive:**  
(As per Section 51 of MSCS Act, 2002)

The Chief Executive of the Society shall be full time employee of the society and appointed by the Board. He shall be ex-officio member of the Board and a member of all the committees and sub-committees of the Board as may be constituted and aid and assist the Board of Directors in its functions.

50. **Powers and functions of Chief Executive:**  
(As per Section 52 of MSCS Act, 2002)

The Chief Executive shall under the general superintendent, direction and control of the board, exercise the powers and discharge the functions specified below, namely:-

- (a) Day-to-day management of the business of the multi-state co-operative society;
- (b) Operating the accounts of the multi-state co-operative society and be responsible for making arrangements for safe custody of cash;
- (c) Signing on the documents for and all on behalf of the multi-state co-operative society;
- (d) Making arrangement for the proper maintenance of various books and records of the multi-state co-operative society and for the correct preparation, timely submission of periodical statements and returns in accordance with the provisions of this Act, the rules and the bye-laws.
- (e) Convening meeting of the general body of the multi-state co-operative society, the board and the Executive Committee and other committees or sub-committees constituted under sub-section (1) of section 53 and maintaining proper records for such meetings;



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- (f) Making appointments to the posts in the multi-state co-operative society in accordance with bye laws;
- (g) Assisting the board in the formulation of policies, objectives and planning;
- (h) Furnishing to the board periodical information necessary for appraising the operations and functions of the multi-state co-operative society;
- (i) Appoint the person to sue or be sued on behalf of the multi-state co-operative society;
- (j) Present the draft annual report and financial statement for the approval of the board within thirty days of closure of the financial year.

#### **Chairman and Vice-Chairman:**

There shall be a Chairman and a Vice-Chairman elected by the Board of Directors from among themselves. The Chairman and in his absence, the Vice-Chairman shall preside over the meeting of the General Body and the Board of Directors.

The term of office of the Chairman and Vice-Chairman shall be co-terminus with the term of the elected members of the Board unless Chairman or Vice-Chairman ceases to be a Director earlier.

#### **Prohibition to hold office of Chairman or Vice-Chairman in certain cases:**

(As per Section 44 & 46 of MSCS Act, 2002)

- (a) No member of board shall be eligible to be elected as the Chairman or Vice-Chairman of the society if such member is a Minister in the Central Government or a State Government.
- (b) No member of board shall be eligible to be elected as the Chairman of a society, if he has held the office during two consecutive terms, whether full or part.
- (c) No member shall be eligible to hold, at the same time, office of a Chairman or Vice-Chairman on the board of more than two multi state co-operative societies.

#### **Powers and functions of the Chairman:**

The Chairman shall have the following powers and functions:

- (i) He shall preside over the meeting of the general body, Board of Directors and executive committee;
- (ii) The Chairman shall sign the proceedings of all the meetings presided over by him;
- (iii) In the event of equality of votes on a resolution the Chairman shall have a casting vote in the meeting;
- (iv) To convene the meeting of the Board of Directors, Executive Committee and other committees of which he is the Chairman;
- (v) The Chairman may authorise any of his powers and functions to the Vice-Chairman.

#### **Amendment to Bye-Laws:**

(As per section 11 of MSCS Act, 2002)

- (1) No amendment of any bye-laws of the society shall be valid, unless such amendment has been registered under this Act.



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(2) The amendment to the bye laws of the society shall be made by a resolution passed by a two-third majority of the members present and voting at general meeting of the society.

(3) No such resolution shall be valid unless fifteen clear days' notice of the proposed amendment has been given to the society.

(4) In every case in which the society proposes to amend its bye laws, an application to register such amendments shall be made to the Central Registrar together with:-

(a) a copy of the resolution referred to in sub-section (2);

(b) a statement containing the particulars indicating:

(i) the date of the general meeting at which the amendments to the bye laws were made;

(ii) the number of days' notice given to convene the general meeting;

(iii) the total number of members of the society;

(iv) the quorum required for such meeting;

(v) the number of members present at the meeting;

(vi) the number of members who voted in such meeting;

(vii) the number of members who voted in favour of such amendments to the bye laws;

(c) A copy of the relevant bye laws in force with the amendment proposed to be made together with reasons justifying such amendments;

(d) Four copies of the text of the bye laws incorporating therein the proposed amendments signed by the officer duly authorized in this behalf by the general body;

(e) A copy of the notice given to the members and the proposal to amend the bye laws;

(f) A certificate signed by the person who presided at the general meeting certifying that the procedure specified in sub sections (2) and (3) and the bye laws, had been followed;

(g) Any other particular which may be required by the Central Registrar in this behalf.

(5) Every such application shall be made within sixty days from the date of the general meeting at which such amendment to the bye laws was passed.

#### Reserve Fund:

(a) In addition to the sum prescribed under the Act, Rules and Bye-laws of the society, all admission fees, entrance fees and nominal membership fees, amount of forfeited shares and dividends and donations shall be carried to the Reserve Fund.



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- (b) Any loss occurring as the net result of the years working is made good from the Reserve Fund or from the profits of the next ensuing year or years with the previous sanction of the Registrar.
- (c) The Reserve Fund shall be separately invested in government and trustee securities or other approved securities or in fixed deposits with the District Central Co-operative Bank or the State Co-operative Bank.

**Disposal of Net Profits:**

(As per Section 63 (1) & (2) of MSCS Act, 2002)

- (i) The society shall out of its net profits in any year:
- Transfer an amount of not less than 25% of the profit to the reserve fund;
  - Credit one percent of profit to the cooperative education fund maintained by the National Co-operative Union of India Limited, New Delhi;
  - Transfer an amount of not less than ten percent to reserve fund for meeting unforeseen losses.
- (ii) The balance of the net profits may be utilised for all or any of the following purposes:
- Payment of dividend to members on their paid-up share capital at a rate as approved by the General Body.
  - Any other privileges to members as decided in the General Body Meeting;
  - Contribution to the education fund at the rate of 5% or more and not exceeding 10%. The fund may be utilised for the education and training of members, directors and employees as approved by the General Body
  - Donation for the development of the cooperative movement or charitable purpose as defined in section 2 of the Charitable Endowment Act, 1890 (6 of 1890) not exceeding 5% of the balance net profits.
  - Payment of ex-gratia amount to employees of the society to the extent and in the manner as approved by the General Body.

However such payment shall be paid only out of net profit and in no case the capital or the reserve shall be distributed as bonus or dividend.

**7. Investment of funds:**

(As per Section 64 of MSCS Act, 2002)

The society may invest or deposit its funds in:-

- A co-operative bank, State co-operative bank, co-operative land development bank or Central co-operative bank; or
- Any of the securities specified in section 20 of the Indian Trust Act 1882 (2 of 1882); or
- In the shares or securities of any other multi state co-operative society or any co-operative society; or
- The shares, securities or assets of a subsidiary institution or any other institution; or
- Any other bank.



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### Operation of Bank Accounts:

to open and operate account in the name of the Society with a Bank or Banks in such number as may be necessary for carrying out the activities of the society and to give instructions to the bank to provide for opening and operation of such account by one or more of the Directors of the Board or by a member of the society as authorized by a resolution of the Board.

### Dividend:

- (i) The dividend declared shall be paid to the person whose name stands as the registered shareholder in the books of the Society on the last day of the co-operative year to which the dividend relates.
- (ii) Dividend shall be proportionate to the amount paid on shares and the period in whole months for which the amount stood to the credit of the shareholder.
- (iii) Any dividend remaining unclaimed for three years after having been declared shall be forfeited and shall be carried to the Reserve Fund of the society. Unpaid dividend shall be payable on application provided the same has not been forfeited.

### Contributory Provident Fund:

(As per Section 69 of MSCS Act & Rule 26 of MSCS Rules)

- (1) The society shall establish a Contributory Provident Fund for the benefit of its employees in accordance with the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 (99 of 1952).
- (2) Amount standing to the credit of any contributor fund established by the society shall not –
  - (a) Be used in the business of the society;
  - (b) Form part of the assets of the society;
  - (c) be liable to attachment or be subject to any other process of any court or other authority.
- (3) The society while creating such a fund shall provide for the following as decided by the Board of Directors:
  - (a) Authority to administer the fund.
  - (b) Amount of contribution to be deducted from the employee's salary.
  - (c) Mode of nomination for payment of the amount of the contributory provident fund in case of employee's death.
  - (d) Purpose for which, the extent to which, and the period after which, advances may be made against the security of such fund and the number of monthly installments in which advance is to be repaid.
  - (e) Refund of employee's contribution and contribution made by the society.
  - (f) Maintenance of accounts of such fund.



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The amount of contribution that can be deducted from the salary of an employee of the society shall not be less than the ceiling provided in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (19 of 1952).

The society may make such contribution every year to the employees contributory provident fund as may be approved by the board subject to the maximum ceiling as provided in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (19 of 1952).

#### **Audit of Accounts and Auditor:**

- (i) The accounts of the society shall be audited by an auditor or auditing firm appointed by the general body of the society provided that such auditors or auditing firms shall be appointed from a panel approved by Central Government or an authority authorized by the State Government.
- (ii) The qualifications/disqualification, powers, rights and duties of the auditor shall be as per the provision of the Act.
- (iii) The society shall make provisions with respect to the maintenance of its accounts and the auditing of such accounts at least once in each financial year.
- (iv) The society shall ensure compliances as per 97<sup>th</sup> Constitutional Amendment Act, 2011 and as per MSCS Act, 2002.

#### **Accounts and Records:**

Accounts and records shall be maintained in forms prescribed under the Act, Rules and Bye laws with such additions as the board of directors consider necessary and approved by the Central Registrar. Any member of the society may inspect during office hours any of the registers or records in so far as it relates to his own business transaction.

#### **Filing of Returns:**

(As per section 120 of MSCS Act, 2002)

Every year within six months of the closure of the accounting year the society shall file the following returns with the Central Registrar, namely:-

- (i) Annual report of the activities;
- (ii) Audited statements of accounts;
- (iii) Plan for surplus disposal as approved by the general body;
- (iv) List of amendments to the bye-laws of the multi-State co-operative society;
- (v) Declaration regarding date of holding of general body meeting and conduct of election where due;
- (vi) Any other information required by the Central Registrar in pursuance of any of the provision of MSCS Act.

#### **Association of Employees in Management Decision Making Process:**

(As per section 42 of MSCS Act, 2002)

The General Body of the society shall devise procedure for the association of the representative of employees of the society in the management decision making process.



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**Educational Course for Members:**  
(As per section 27 of MSCS Act, 2002)

The society shall organize co-operative education programs for its members, directors and employees and provide funds for it.

**Service Rules:**  
(As per section 49 (2) (e) of the MSCS Act, 2002)

The society shall have service rules for regulating the appointment of employees of the society and the scales of pay, allowances and other conditions of service, including explanatory action against such employees;

**Settlement of Disputes and Limitation Period:**

- (i) All the disputes shall be referred to Arbitration in accordance with the provisions of the MSCS Act and Rules.
- (ii) The limitation period in disputes shall be as per the provisions of the limitation Act.

**Winding up:**  
(As per section 86 of MSCS Act, 2002)

If winding up of the society is necessary, it will be carried on as per the provisions of the Act.

**Seal of the Society:**

The Society shall have a common seal which shall be kept in the safe custody of the officer authorized by the Board and shall be used on the authority of a resolution of the Board constituted under the bye-laws of the society.



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