BYE-LAWS

The Himachal Pradesh State Co-operative Marketing and Consumers Federation Ltd

(Himachal Pradesh Rajya Sehkari Vipnan Tatha Upbhokta Sangh Simit)

1. The name of the society shall be -

"The Himachal Pradesh State Co-operative Marketing and Consumers Federation Ltd (Himachal Pradesh Rajya Sehkari Vipnan Tatha Upbhokta Sangh Simit)

The Registered Office of the Federation shall be at Shimla and its registered address is Post Office Shimla, District Shimla, Himachal Pradesh

DEFINITIONS

2. In these bye-laws unless there is anything repugnant in the subject or context -

(a) "The Act" means the Himachal Pradesh Co-operative Societies Act for the time being inforce in Himachal Pradesh.

(b) The "Federation" means the Himachal Pradesh State Cooperative Marketing and Consumers Federation Ltd

OR

(Himachal Pradesh Rajya Sehkari Vipnan Tatha Upbhokta Sangh Simit)

(c) "Board" means the Board of Directors of the Federation

(d) The "Managing Director" means the Managing Director of the Federation

(e) "Executive Committee" means the Executive Committee of Federation.

(f) Words and expression not defined in these Bye-laws but defined in the Act or the rules shall have the meaning assigned to them in the Act or Rules.

3. The Area of Operation of the Federation shall be the whole of India.

II - OBJECTS

4. The objects of the Federation are :-

(i) To arrange for the sale of Agricultural produce of the members or that purchased by the Federation, to the best advantage;

(ii) To advance loans to members on the security of their produce, raw or processed;

(iii) To rent or own godowns and processing yards to facilitate storage, processing and sale of goods;

(iv) To process raw material belonging to the members, or purchased by the Federation;

(v) To arrange for the grading and packing of agricultural produce of the members or purchased by the Federation;

(vi) To supply to members, through their local societies or otherwise, manure, seeds and implements etc; required for their farm business; and essential domestic requirements;

(vii) To act as Agent of Co-operative Societies for recovery of production loans given by them to their members;

(viii) To arrange for transport services;

(ix) To encourage thrift, self help and co-operation among its members;

(x) To act as agent of the Government for the procurement and distribution of agricultural produce and other essential commodities; and

(xi) To undertake all other activities calculated to further the objects mentioned above and in the interest of members;

(xii) To Promote the Establishment of Industries.

(xiii) To purchase Raw Materials, tools and appliances connected with the Industries and for supply to its members.

(xiv) To arrange procurement and distribution of consumers goods to its members and through them or direct to public.

(xv) To undertake the wholesale and retail business of all types of Liquor.

(xvi) To undertake the purchase/sale and leasing of tools and machinery of all kinds to Govt. and other agencies.

(xvii) To promote and establish tourism and hotels under tourism industry.

III - MEMBERSHIP

5.(i) "A" Class consisting of District Co-operative Marketing and supply/Consumers Federations, District Wholesale Societies, Tehsil/sub-Tehsil Co-operative Marketing and Supply/consumers Unions, Marketing and Marketing cum-

processsing societies, Wholesale Consumers Stores and other Co-operative societies engaged in the distribution of consumers articles and marketing, trading and industrial activities

(ii) "B" class consisting of Government and N.C.D.C.

(iii) "C" class consisting of farmers, growers, commission agents, traders, merchants, Boards, Corporations and autonomous bodies etc. having dealing with the Federation.

Note : "C" class members will not have any right to vote or to participate in the management.

6. No person shall be admitted as a "C" class member unless :-

(i) His written application for membership has been approved by a majority of the Managing Committee,

(ii) He has paid an entrance fee of Rs. 10.00, which shall not be refundable;

(iii) He has completed 18 years and is competent to contract;

(iv) He is credit worthy.

7. A member may withdraw from the Federation by giving 3 month's notice to the Managing Director, provided he has paid alongwith interest all sums due from him to the Federation and has discharged his liability as surety or other liability undertaken by him,

8. A member may be expelled from the Federation by the votes of not less than two third of the members assembled at a General meeting for any of the following :-

(i) If he is a persistent defaulter or habitually fails to carry out his obligations to the Federation;

(ii) If he wilfully deceives the Federation by false statement,

(iii) If he turns out bankrupt or is legally disabled,

(iv) If he is criminally convicted of an offence involving moral turpitude; or

(v) If he intentionally does any act likely to injure the credit of the Federation.

The Managing Committee shall give such members fourteen days written notice of the proposal to expel him. Expulsion may involve the forefeiture of any or all the shares held by him

9. A person ceases to be a member on :-

(i) Death;

(ii) Ceasing to reside regularly in the area of operation of the Federation,

(iii) Ceasing to hold at least one share,

(iv) Permanent insanity;

(v) Withdrawal after 3 months notice under bye-law No. 7;

(vi) Expulsion as per bye-law No. 8;

OR

(vii) If the dues of the Federation are received from him by the execution of the award.

10. Application for admission as member and for allotment of shares shall be made to the Managing Director in the form, if any, prescribed by the Federation for the purpose. Every such application shall be disposed of by the Board of Directors who shall have powers to grant admission or to refuse it by assigning reasons.

11. No person shall exercise any rights of membership until he has made such payments to the Federation in respect of memership as prescribed by these Bye-laws.

IV - FUNDS

12. The funds of the Federation shall consist of :-

(i) Shares;

(ii) Admission fees;

(iii) Government grants and other contributions; and

(iv) Loans and deposits;

Deposits and loans may be received for fixed periods at such rates of interest and to such an amount as may be determined by the Board of Directors provided that the total of such liabilities shall not exceed 10 times the paid up share capital plus accumulated funds and building funds minus accumulated losses.

The funds of the Federation when not utilized in the business of the Federation shall be invested or deposited as required by Section 37 of the Act. But no investment shall be made under section 20 (e) of the Indian Trust Act.

Note : For the purpose of this bye-law, business of the Federation shall include investment in immoveable property, in the process of recovery of the Federation's normal dues or for the purpose of construction of buildings, processing yards and machinery for its own use with the prior sanction of the Registrar.

V - SHARES

13. The authorised share capital of the Federation shall be Rs. Fifteen crores devided into 3,00,000 shares of Rs. 500/- each to be contributed by the "A" and "B" Class members.

14. The face value of each share shall be Rs. 500/- The minimum share capital contribution for becoming a member of the Federation shall be as under :-

(i) District Federation, District wholesale Societies, Apex Bank and Central Cooperative Bank Rs. 10,000/-

(ii) Tehsil or Sub-Tahsil Unions and Marketing Societies Rs. 2000/-

(iii) Any other primary Co-operative Societies Rs. 500/-

15. A member may hold any number of Shares but the District Federaions, District Wholesale Societies, Apex Bank and Central Banks shall hold atleast 20 shares and Tehsil, Sub-Tehsil Unions and Marketing Societies shall hold atleast 4 shares. This Provision however shall not apply to "C" Class members who are not required to purchase any shares except as provided under Bye-laws No. 6(ii).

16. A share certificate bearing a distinctive number shall be issued for every share or shares subscribed. A member may transfer his share or shares after holding it or them for one year to another member with the approval of the Board of Directors. The transfer is not complete until it has been approved by the Directors and entered into the share transfer register. Such fee as the Board of Directors may prescribe has been paid. The Federation may decline to register any transfer without giving any reasons and in particular if the transferer is indebted to the Federation.

17. The liability of a member shall not exceed the amount any, unpaid on shares for which he or his estate is liable.

18. On the issue of an order for the winding of a member society, the amount outstanding to credit by way of shares or dividend shall, subjet to deductions on account of its liability to

the Federation, be paid to the liquidator of the said society appointed by Registrar. The payment of shares in such a case shall be made out of the share transfer fund or by transfer to existing member or an approved applicant for membership.

VI - ORGANISATIOIN AND MANAGEMENT

19. The management of the affairs of the Federation shall vest in the following :-

(i) The General Body;

(ii) The Board of Directors;

(iii) The Executive Committee; and Sectional Sub-Committes;

(iv) The Managing Director and the Joint Managing Director.

GENERAL BODY

20. The Supreme authority of the Federation shall vest in general body of members in a general meeting which shall consist of :-

(i) Board of Directors of the Federation.

(ii) The representative returned by the member societies.

(iii) The nominees of the Government/NCDC on the Board of Directors of the Federation.

21. A representative or nominee shall cease to act as such if.

(i) He has resigned or otherwise ceased to be a member, representative or nominee of the member society or of the Government he represents; or

(ii) The Society he represents has ceased to be a member of the Federation ; or

(iii) He is removed by the Federation for maliciously injuring its interest , or

(iv) He has become a lunatic or of unsound mind or otherwise unfit to discharge his duties.

GENERAL MEETING

22. General Meetings shall be of two kinds :-

(i) Annual;

(ii) Special

ANNUAL GENERAL MEETING

23. The Annual General Meeting shall be held soon after the annual accounts have been audited. At the annual general meeting, the following business shall be transacted :-

(i) Election of the President and the Vice-President as per bye-law No. 32.

(ii) The election, suspension and removal of members of Board of Directors;

(iii) Fixation of the limit of outside borrowing which may be incurred in the following years within the prescribed maximum limit under bye-laws No. 12. The limit so fixed shall require the approval of the Registrar who may at any time, reduce it;

(iv) The amendment of the bye-laws according the Act and Rules made there under;

(v) Consideration of the annual budget, certified audit notes and the inspection notes of the Co-operative Department Officers and rectification of reports thereof;

(vi) Expulsion of members as per bye-law No. 8;

(vii) To consider report of the Board of Directors on the preceding years working of the Federation together with statements showing the receipts and disbursements, assets and liabilities and profit and loss account for the year and sanction appropriations and distribution of profits;

(viii) To appoint a Managing Director and other staff subject to the provision of bye-law No. 46 and fix their duties and remuneration.

(ix) Disposal of any other business duly brought forward.

24. All General Meetings other than the Annual General Meetings shall be called special General Meetings. A special General Meeting may be summoned by the Board of Directors at their own accord, and shall be summoned at the requisition of the Registrar or any person authorised by him or at the written request of one fifth of the members on roll having right of vote, through their representatives or 20 whichever is less. Meeting so requisitioned should be held within 30 days from the receipt of such requisition or request. At these meetings no business other than that mentioned in the notice convening the meeting shall be transacted.

25. A notice specifying the day, places and the hour of meeting and the business to be transacted there shall be sent by post to the registered address of each member at least 30 days before the day on which the meeting is to be held accompanied by Agenda and in case of annual general meeting by a copy of Annual Administrative Report and audit certificate and the Balance Sheet. Non-receipt of the notice by any member shall not invalidate the proceedings of the meeting. The notice for a General meeting shall be signed

by the Managing Director of the Federation or by such person as may be acting for him.

26. A representative desiring to propose a resolution at a General Meeting shall have to give a copy thereof to the Managing Director at least 10 days before the day of the Meetings. The President may in special cases allow a notice for shorter period.

Provided that previous notice is not necessary in respect of the following :-

(i) A motion for a change in the order of business of the agenda;

(ii) A motion for the adjournment or dissolution of the meeting;

(iii) A motion that the meeting do pass on the next item on the agenda paper;

(iv) A motion to refer the matter under consideration for discussion or report to the Board of Directors or a Sub-Committees;

(v) A motion that the meeting do resolve itself into Committee or Committees;

(vi) A motion for the appointment of a Committee to enquire into a report upon any matter before the meeting;

(vii) A motion that the question be now put to vote;

(viii) A motion to take up any business which is urgent in opinion of the Board of Directors;

(ix) A motion allowed by 2/3rd members present.

27. The presence of at least 1/4th total representatives or 20 whichever is less shall form quorum for general meeting. If on the day of the meeting there is no quorum, or if all business is not completed the consideration of all or a part of the business may be abandoned or adjourned to another day. If on the day to which the meeting is adjourned no quorum is obtained, the business shall be disposed off without a quorum and it shall have the validity of a regular general meeting. A general meeting if convened upon a requisition of members lack quorum, it shall not be adjourned and shall stand dissolved.

28. The President (Chairman) of the Federation shall preside over meetings of the General body, Board of Directors, Executive Committee, Business Committee and Administrative Committee. In the absence of President (Chairman) the Vice President (Vice-Chairman) shall preside over the meetings. In the absence of both, any other member elected as Chairman of the meeting shall preside.

29. It will be open to member societies to vote at a general meeeting by proxy through one of their members duly authorised to do so. The proxy will be in writing duly supported by a resolution in accordance with the bye-laws, of such societies. Such authorisation must be presented earlier or at the gate before being admitted to the general meeting.

30. At all general meetings each representative of member societies and nominees of the Government or of the State Co-operative Bank and of the NCDC shall be entitled to exercise one vote.

The President shall have a casting vote in addition to his ordinary vote in case of equality of votes.

31. Except by an order of the Registrar no resolution can be brought at a general meeting for cancelling a previous resolution

of the General Meeting unless six clear months have lapsed after passing of the resolution sought to be cancelled.

32. (a) The election of the 12 members of the Board of Directors shall be held zone-wise. The number of zones and numbers of seats allotted to each zone shall be approved by the Registrar, Co-operative Societies, Himachal Pradesh from time to time.

(b) The members of the Board of Directors shall elect from amongst its elected members a President and a Vice- President. The President and in his absence the Vice-President shall also be the Chairman of the Board of Directors and the Executive Committee.

BOARD OF DIRECTORS

33. The Board of Directors shall be the Chief Executive body and all responsibilities for the affairs of the Federation shall vest in it. It shall consist of :-

(i) The President,

(ii) The Vice-President,

(iii) Ten members elected in the General Meeting from amonst reprsentatives of member societies,

(iv) Nominees, nominated by the State Govt., nominees nominated by Registrar, Coop. Societies, H.P., and nominees nominated by Financing Institutions as per provisions of H.P. Cooperative Societies Act and Rules.

(v) One member to be nominated by the NCDC, if it has invested the funds in the Federation

Note :- Nominees of the Government shall have a right to appeal to the Government against the decision of the Board which is likely to prejudice the interest of Government, the Federation and decision so given by the Government shall be binding on the Board.

34. The terms of office of the Managing Committee (Board of Directors) shall be five years and :-

(a) An outgoing member can be re-elected.

(b) Vacancies of the Board occuring during term of office on account of death or any other cause shall be filled in by co-option as provided in the rules.

(c) In case of mid term election for filling casual vacancies, the Directors so elected shall be for the un-expired period only and not for five years.

35. If a casual vacancy occurs among the elected Directors, it may be filled up by co-option from amongst representative members of the Federation for the unexpired period till the holding of next annual general meeting by the remaining members of the Board. The term of the nominated members shall continue till such nomination is terminated by the nominating authority.

36. A member shall not be eligible for electioin or continuance as Director if :-

(i) He is under age of 21 years;

(ii) He is declared insolvent or applied for insolvency;

(iii) He is of unsound mind;

(iv) He has been convicted of an offence involving in the opinion of the Registrar moral turpitude;

(v) He holds any office of profit under the Federation or the Society he represents;

(vi) He is in default in respect of any dues to the Federation or the Society he represents or to any other society;

(vii) He has resigned or otherwise ceased to be a representative or nominee of the member society or of the Government he represents;

(viii) The Society he represents has ceased to be member of the Federation;

(ix) Is interested directly or indirectly in any contract made with the Federation or in any sale or purhase made by the Federation privately or in any auction or in any contract or transaction of the Federation involving financial interest;

(x) He does similar business as that of the Federation either in his own name or in the name of dependent (or has his relative as an employee or in place of profit, in the Federation).

(xi) He is a trader or professional money lender.

37. Should a member of the Board absent himself from four consecutive meetings of the Board, without showing reasons to the satisfaction of the Board, he shall be deemed to have ceased to be member of the Board.

38. A Board or a member or members of the Board may be removed during the term of office by 2/3rd majority of votes at a General Meeting.

39. No member of the Board shall be present at the time of consideration or vote on any matter in which he has a personal interest.

40. The members of the Board of Directors shall be personally liable for all transactions conducted in contravention of these bye-laws.

41. The quorum for the meeting of the Board shall be at least five, of which at least 3 should be elected members. Each member shall have one vote and the decision will be carried by majority of votes. In case of equality of votes, the President shall have the casting vote.

42. The meeting of the Board of Directors shall be summoned on clear ten days notice. Meeting of the Board shall be convened by the President or the Vice-President or the Managing Director or on the written request of atleast 5 Directors of whom 3 should be elected.

43. The powers and duties of the Board of Directors shall be:-

(i) To dispose off applications for membership and for shares and their transfers;

(ii) To raise loans and prescribe conditions on which deposits may be raised;

(iii) To collect amounts payable on shares and repayments of loans or advances;

(iv) To sanction working expenses;

(v) To check the accounts of the Federation and count the cash balance;

(vi) To prepare the annual Report and Balance sheet.

(vii) To suspend the Managing Director appointed under bye-law No. 23 (ix) recommend his dismissal to the General Meeting and appoint an acting substitute pending the final decision and to appoint; suspend punish or dismiss the other salaried servants of the Federation;

(viii) To institute, defend or compromise legal proceedings;

(ix) To arrange for the purchase of seed, manure raw materials feeding stuff and other agricultural and domestic requisites and if need be, to arrange for storage, distribution and sale of such goods;

(x) To examine the stock register and verify the stock;

(xi) The test the scales, weights and measures in use in the Federation at regular intervals;

(xii) To acquire or lease premises for accommodating the Federation's Office and for storing goods;

(xiii) To arrange for insurance against loss of Agricultural produce, seeds, manure etc. by fire, if possible against loss of premises and other goods at reasonable market rates;

(xiv) To receive agricultural produce for sale and to arrange for its grading and processing whenever possible;

(xv) To prepare a list of trustworthy brokers or merchants, through whom or to whom the produce may be disposed of whenever the Federation has to take risk of granting trade credit and to fix limits upto which credit may be fixed. The individual and the maximum trade credits may be altered with the previous approval of the Central Finance Bank.

(xvi) To take security from the Managing Director and other employees, handling cash, goods and securities on a scale not lower than the one prescribed by the Registrar.

(xvii) To consider the inspection and audit report, take action on the instructions contained therein and to submit

an audit rectification report to Registrar within two months of the date of the receipt of the audit report and to place the audit report and the rectification statement before the next General Meetings

(xviii) To appoint, suspend, punish or dismiss salaried staff of the Federation and to prescribe and assign duties to them.

(xix) To arrange for the supply of manures, fertilizers, agricultural implements etc. to the affiliated Federation

(xx) To arrange for purchase outright of the produce of the members to arrange for its sale at a later date subject to the following conditions :-

(a) That outright purchases are confined to such of commodities as can find a good market.

(b) That the total amounts locked up to not at any time exceed the owned funds of the Federation or one tenth of the value of the produce to be marketed and lying in effective custody of the Federation whichever is higher;

(c) That separate accounts be maintained for the business done under the outright purchase system.

(xxi) To appoint one or more sub-committees from amongest the members to carry out specific work of the Federation in the nature of supervision and control over such works.

(xxii) To fix rates of travelling and daily allowances, and to frame rules governing same in respect of members of the Board and the salaried staff.

(xxiii) To appoint a Director to represent the Federation in the meeting of the Managing Committee or General body of another Co-operative Institutions and also to purchase shares of other Co-operative Institutions and to invest surplus funds of the Federation according to the Act and Rules laid thereunder.

44 It shall be competent for the Board of Directors to frame subsidiary rules for the Federation's business consistent with the provisions of the Act, Rules and bye-laws for the conduct of the business of the Federation. Such rules shall be entered in the Minute Book of the Board and shall come into force after they are approved by the General Meeting and Register

45. EXECUTIVE COMMITTEE AND BUSINESS COMMITTEE

There shall be an Executive Committee and Business Committee consisting of not more than 7 members. The BOD may authorise the President (Chairman) to consitute such Committees for a period of one year, which shall continue to function till the re-constitution of respective committees. The composition of each committee shall be as under :-

(i) The President

(ii) The Vice President

(iii) Three Directors amonst the elected Directors.

(iv) One nominee of the H.P. Govt.

(v) Managing Director of the Federation.

The business of the Executive Committee will be to carry out such functions as may be entrusted by the Board of Directors from time to time.

The Business Committee shall lay down the general policy about the over-all business of the Federation and shall prescribe such terms and limits as it deems fit from time to time. It shall also review the progress made in business once in every quarter. The Managing Director of the Federation shall also act as the ex-officio member of these committees.

These committees shall meet as often as possible on dates fixed by the President, Vice President or the Managing Director. Seven days notice shall be necessary for such meetings except that in emergent cases, a notice of four days will suffice.

At all meetings of the Executive committe and Business Committee, three members will form a quorum of which atleast one shall be from among the elected members.

MANAGING DIRECTOR AND OTHER STAFF

46. The Managing Director of the Federation shall be appointed by the Govt. and he shall act as the Chief Executive Officer of the Federation. The Managing Director shall also act as Manager for the purpose of holding of general meetings.

47. The duties of the Managing Director shall be :-

(i) To summon and attend all General, Board, Executive Committee meetings of the Federation.

(ii) To record the proceeding of such meetings in the Minute Books.

(iiii) To make disbursement and to obtain vouchers and to receive payments and pass receipts under the General or special orders of the Board of Directors in this behalf from time to time.

(iv) To keep all accounts and registers required by the rules.

(v) To prepare all the registers, vouchers, balance sheet and other documents, required for transaction of the business of the Federation

(vi) To conduct correspondence and to supply needful information to the Members.

(vii) To see that inspection and audit reports are placed before the Board of Directors for consideration, without delay and to take further steps in regard to rectification and submission of inspection and audit rectification report to the Registrar, in time.

(viii) To guide, supervise and control the work of the salaried staff of the Federation and its branches and to do all other work may be entrusted to him by the Board.

(ix) To receive agricultural produce and other goods in the Federation godown and to be responsible for their safety while they are there.

(x) To Realise the sale proceeds.

(xi) To conduct the sale and supervise weighments.

(xii) To purchase and sell the articles of domestic needs and agricultural requisites at reasonable rates, subject to approval, general or specific instructions of the Board of Directors.

(xiii) To countersign cash book in token of the balance being correct and to produce the cash balance whenever called upon to do so by the Chairman or any person authorised to do so.

(xiv) In the absence of the Managing Director, the Board may authorise any other person to perform his duties.

Share certificates and other documents shall be signed by the Managing Director and President of the federation.

(xv) Managing Director should hold charge of all assets including equipment and machinery of the Federation and be responsible to see to their proper use and maintenance.

(xvi) The Managing Director of the Federation is competent authority to institute/file, suits complaints and to do all other acts on behalf of the Federation concerning its properties, business, management before any Tribunal, Courts etc. and to sign Plaints, Written statements, applications, complaints and other documents, which may be necessary to settle the disputes instituted by or against the Federation.

ADVANCES AGAINST PRODUCE AND GOODS

48. Loans may, be advanced on the security of produce or goods on the following terms :-

(i) The Board of Directors shall at the beginning of the season fix the amount of advance indicating the percentage of the market price of the produce or goods pledged with the Federation that may be granted to member. Such limits may be fixed for different commodities and varied from time to time according to fluctuation in market or otherwise.

It shall be competent for the Board of Directors to call on a borrower at any time before the due date to repay a portion of the loan or advance issued or to produce additional security for the outstanding loan or advance within a time fixed by them, if in

their opinion, there is fall or likely to be a fall in the market value of the produce or goods pledged.

(ii) No advance shall be granted until produce is deposited in a godown or a building approved by the Federation and is completely under Federation's control.

(iii) The produce stored will be insured at reasonable market rates against theft at the cost of the members concerned.

(iv) The period of advance shall be restricted to a maximum term of six months. Renewal for a further period of six months may be granted by the Board of Directors on such terms and conditions as it thinks fit.

(v) The rate of interest on such advances may be determined by the Board of Directors from time to time.

(vi) The Federation is not responsible for any damage or deterioration of the goods, but will store the goods in such a way as not to make them liable to deterioration.

49. The Board of Directors may appoint a Sub-committee consisting of the Chairman, one Managing Committee member the Managing Director for sanctioning loans under bye-law No. 48. Cases of the loan applications disposed off by the Sub-committee under this bye-law shall be placed before the regular meeting of the Board of Directors for ractification.

VIII - BRANCHES

50. The Federation may open branches at suitable cenres within its jurisdiction with the approval of the Registrar of Co-operative societies.

The Branch business shall be conducted by an Advisory-committee nominated by the Board of Directors subject to rules framed by it and approved by the Registrar Co-operative Societies

Three members from the area of Branch nominated by the Board of Directors shall constitute an Advisory Committee

IX - CONDUCT OF SALE

51. Every sale shall be personally conducted by the Managing Director in the presence of its owner or in his absence under his written authority. The Managing Director shall be responsible for honest weighment and price.

52. Sales shall be effected by public auction, but they may be effected by private treaty also, if so desired by the owner. Agricultural produce offered for auction sale shall be graded according to quality and the goods will be insured at the cost of owners. Goods to be hold by private treaty and stored within the Federation's godown will also be insured at the cost of owners. The Federation is not responsible for the risk of damage to uninsured goods while in the godown. Insured and uninsured goods should not be kept in one place.

53. No goods shall be received for auction if they are not brought to the auction site three days before the dates fixed for auction. This condition may be relaxed by the Managing Director if circumstances permit.

54. Gradation lists of agricultural produce shall be published one day before the auction by putting them on a prominent place within the permises of the Federation and any owner having complaints regarding the grading of his goods shall communicate the same in writing to the Managing Director who shall withdraw them from the auction.

55. Only trustworthy buyer approved by the Board of Directors shall be allowed to bid at the auction.

56. The buyers shall deposit with the Federation 1/3rd of the price of the goods bought by them immediately after the auction and if they fail to do so, the bargain shall be null and void at the discretion of the Executive Committee and the Federation shall be entitled to claim damages.

57. Every buyer shall take delivery of the goods purchased by him within 7 days after the auction and delivery shall not be given until full payment is made. The Executive Committee may relax this rule in deserving cases. The Federation's responsibility for any kind of damage to the goods purchased ceases after 24 hours after the auction.

58. If buyers fail to take the delivery of his goods within 7 days the Executive Committe shall be entitled to cancel the sale, to forfeit the advance money and to claim damages, at its discretion.

X - DISTRIBUTION OF PROFIT

59. (a) At the Annual General Meeting the gross profits earned in the previous year shall be announced and the following deductions shall be made :-

(i) Interest payable on loans and deposits;

(ii) Working expenses;

(iii) Losses;

(iv) Depreciation on building and other wasting assets, the balance remaining after these deductions shall be treated as net profits.

(b) A sum not less than 25 percent of the net profits shall be carried to the Reserve Fund every year.

(c) Of the remaining net profits, a sum may be set aside sufficient to pay the share-holders a dividend not exceeding 6¼ percent for that year on the paid up share capital standing in their names.

(d) Funds such as Building fund. Bad debt fund, Shares Transfer fund and any other fund required by the society may be created.

(e) A sum may be set aside for distribution as bonus to all members at an equal percentage in proportion to the total value of the goods sold by each to or through the society.

(f) A sum may be set apart for propaganda on co-operation education, dissemination of the knowledge of latest improvements in agriculture and allied industries.

(g) A sum may be given to the Staff as bonus. The amount of bonus given to any one employee shall never exceed one month's pay.

XI - RESERVE FUND

60. In addition to the sum Prescribed in bye-law No. 59 all entrance fees, forefieted shares, donations other than those for specified purposes, and receipts on account of penal interest and fines shall be carried to the Reserve Fund.

XII - BALANCE AND SECURITIES

61. The Board of Directors shall decide in whose custody the cash balance and extent of such balance and the securities and the account books of the Federation will be kept.

ACCOUNTS AND RECORDS

62. (a) Books of accounts and other records shall be maintained as prescribed in the rules and also as directed by the

Registrar with such additions as the Board of Directors consider necessary.

(b) Receipts shall be issued for all deposits, or payments of loans and for other sums received by the Federation.

(c) Confirmation slips shall be issued annually to depositors, creditors and debtors of the Federation and shall be verified by the Auditor.

63. Any member of the Federation may inspect any of the registers of accounts during office hours, so far as they relate to his own business transactions.

64. Before the 15th July annually the Board of Directors shall draw up statements showing the receipts and disbursements assets and liabilities, profit and loss for the previsous year. A copy of these statements shall be supplied to the Registrar before the 15th of August

XIV - AMENDMENTS

65. None of the bye-laws shall be altered or rescinded and no bye-laws shall be added except by a vote of majority consisting of alteast 2/3rd of the members present at a General Meeting. The notice convening the meeting shall specify the proposed addition or rescision and shall be issued not less than 10 days prior to the meeting. The amendment shall not take effect until it has been approved and registered by the Registrar.

XV - SERVICE OF NOTICE

66. Where by these bye-laws it is provided that a written notice shall be given to any member, the delivery of such notice at the house where he ordinarily resides shall be sufficient service of such notice.

XVI - GENERAL

67. The Federation shall become a member of the Central Financing Agency and purchase its shares.

68. The Society shall pay such audit fee as may be assessed from time to time by the authority competent to do so.

69. The services of the members of the Managing Committee shall be honorary, but they be paid travelling and Daily allowance at a scale in accordance of the provisions of Bye-laws No.43 (xxii).

70. In any dispute, other than a dispute regarding diciplinary action taken by the Society or its Managing Committee against a paid servant of the Society touching the constitution or business of the Society, arises between the parties referred to in the relevant provisions of the Himachal Pradesh Co-operative Societies Act and Rules framed threreunder, it shall be disposed of in the manner provided in such Act and Rules.

71. The Board of Directors shall frame Rules for the recruitment and conditions of service, punishment and appeals for their paid employees which shall come into force on the approval of the Registrar.

72. In these bye-laws unless there is anything repugnant to the context. Registrar shall include an Officer subordinate to him and authorised by him in this behalf.

73. Should any doubt arise with regard to the interpretatioin of any of these bye-laws the matter shall be referred to the Registrar whose decision shall be final.

74. The Society, may in the circumstances specified by the relevant provisions of Himachal Pradesh Co-operative Societies Act be wound up and cancelled by the Registrar in accordance with the procedure laid down by such Act and the Rules framed thereunder.