

Model Bye-Laws
of
The Farmer Producer Organizations
(FPOs)
Registered under
The H.P. Co-operative Societies Act, 1968



Drafted by
Directorate of Co-operation, Himachal Pradesh, Shimla-09.



Under the Yuva Sahkaar Kosh Scheme for
“Formation and Promotion of Farmer Producer Organizations (FPOs)”
of
Department of Co-operation, Government of H.P.

INDEX

	Page No.
Preface	i-ii
 Chapter-1: PRELIMINARY, DEFINITIONS & OBJECTS	
1. Name of the Farmer Producer Organization	1
2. Principal place of business and registered office	1
3. Area of operation	1
4. Definitions	2
5. Objectives and services	4
6. Co-operative Principles	6
7. Farmer Producer Organization to be a body corporate	7
 Chapter-2: MEMBERSHIP, ELIGIBILITY, RIGHTS & LIABILITY	
8. Membership	7
9. Eligibility for obtaining ordinary membership	8
10. Procedure for obtaining ordinary membership	8
11. Nomination by members	9
12. Procedure for expulsion from ordinary membership	9
13. Disqualifications for member of the Farmer Producer Organization	10
14. Notice to defaulters before disqualifying them	10
15. Cessation of membership	10
16. Liability of members	10
17. Rights and duties of the members	11
18. Right to get information	11
19. Nominal and associate members	12
20. Withdrawal and resignation of member	12
 Chapter-3: SHARES	
21. Shares	13
22. Share certificate	13
23. Transfer and refund of shares	13
24. Maintenance of share and other registers	15
25. Liens on Shares, dividends and deposits	15

Chapter-4: ORGANIZATION AND MANAGEMENT

26. General Body	15
27. General meeting by delegates	16
28. Division of area of FPO for election of the delegates	16
29. Regulations for elections of delegates	17
30. Powers and functions of the general body	17
31. Special general body meeting	18
32. Notice for annual general body meeting and the special general body meeting	18
33. Quorum of the general body meeting	19
34. Chairperson of the general body meeting	19
35. Resolutions	20
36. Minutes of the general body meeting	20
37. Constitution of the board of directors	20
38. Term of the office and elections	21
39. Office bearers	21
40. Eligibility for being a member of the Board	22
41. Powers and functions of the Board of directors	22
42. Removal of elected member of the Board by the general body	25
43. Vacancy in the office of Board of directors	25
44. Meetings of the Board of directors	25
45. Committees of the Board	26
46. Chairperson and vice-chairperson	26
47. Powers and functions of the Chairperson.	26
48. Minutes of the meeting of Board of directors	27
49. Chief Executive	27

Chapter-5: FUNDS

50. Raising of funds	29
51. Maximum borrowing limit	29
52. Disposal of net profit	29
53. Utilization of profit	29
54. Education and training	30
55. Investments of funds	30
56. Reserve Fund	30
57. Dividend	30

Chapter-6: AUDIT AND ACCOUNTS

58. Accounts and records	31
59. Audit	31

60. Returns

32

Chapter-7: MISCELLANEOUS

61. Common seal

32

62. Settlement of disputes

33

63. Services rules

33

64. Winding up

33

65. Miscellaneous

33

Preface

A Farmer Producer Organization (FPO), formed by a group of farm producers, is a legally recognized body of farmers or agriculturist with producers as shareholders in the organization that aim to improve the standard of their living and ensure a good status of their available support, income, and profitability. It deals with business activities related to the farm produce and it works for the benefit of the member producers. The objective of the FPO is to ensure better income realization to its members (who are producers) through aggregation and, if feasible, value addition.

In the State of H.P, small and marginal farmers account for about 88% land holding which is dispersed and fragmented small holdings. Since small and marginal farmers do not have economic strength to apply production technology, services and marketing including value addition, therefore, it is essential to aggregate them to have better collective strength for better access to quality input, credit and better marketing access due to economy of scale for income improvement.

*To support the working of cooperative societies, especially those comprising of educated youth by providing mentoring support and initial sustainability grant to them and, to enable them to avail maximum opportunity for their economic advancement by using available resources, in different sectors especially the agriculture and its allied sectors, the State Govt. has proposed a scheme “**Yuva Sahkaar Kosh**”. The aim of the scheme is sought to be done by facilitation of convergence in existing schemes of State and Central Government agencies.*

*This Scheme may be called **Yuva Sahkaar Kosh** Scheme for Farmer’s Producer Organizations(FPOs) and it will be implemented by the Department of Cooperation. With a view to provide initial sustainability support to the eligible Farmer’s Producer Organizations (FPOs) registered in the State of Himachal Pradesh, the State Government will create Yuva Sahkaar Kosh. This kosh will be utilised for initial mentoring and sustenance of the newly formed FPO and in making these FPOs effective business entities.*

*With a view to facilitating resource support to producer members and departmental functionaries in organizing Farmer Producer Organizations (FPOs) under the Co-operative Societies Act, the Department of Co-operation has drafted **Model Bye-Laws for FPOs** in accordance with H.P. Co-operative Societies Act and the Rules, Co-operative Principles and the proposed “**Yuva Sahkaar Kosh**” Scheme for “**Formation and Promotion of Farmer Producer Organizations (FPOs)**”.*

BYE-LAWS

of
the _____ Co-operative
Farmer Producer Organization (FPO) Limited.

Chapter-1: PRELIMINARY, DEFINITIONS & OBJECTS

1. Name of the Farmer Producer Organization

The name of the Farmer Producer Organization (hereinafter referred to as 'the FPO') shall be "the _____ Co-operative Farmer Producer Organization Limited".

2. Principal place of business and registered office

The principal place of business and the Registered Office of the FPO shall be situated at _____ (*Complete postal address along with proof of postal address of the society to be given to the Registrar/ Assistant Registrar at the time of registration*) to which all notices and communications may be sent. Any change in the address shall be notified to the Registrar, as the case may be, within 15 days of its change, published in local newspaper and made by an amendment of its bye Laws after following due procedure as laid down in section 11 of the H.P. Co-operative Societies Act, 1968.

3. Area of operation

The area of operation of the FPO shall be confined to _____ villages of _____ Tehsil/ Taluka of _____ District of _____ State. (*Mention name of the villages, Tehsil/ Taluka, District and State*)

4. Definitions

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

- (a) 'Act' means the H.P. Co-operative Societies Act, 1968 as amended from time to time;
- (b) 'Area of operation' means the area from which the farmer producers/ persons can be admitted as members of the FPO;

- (c) “Associate member” means a member who holds jointly a share of the farmer producer organization with other member, but whose name does not stand first in the share certificate;
- (d) ‘Board’ means the Board of Directors or Governing Body or managing committee or committee, by whatever name called, to which the direction and control of the management of the affairs of the FPO is entrusted and vested under section 34 of the Act;
- (e) ‘Bye-laws’ means the Bye-laws of the FPO consistent with the Act and registered under the Act for the time being in force and includes registered amendments of such Bye-laws;
- (f) ‘Chief Executive’ means the Chief Executive or Managing Director or Secretary of the FPO, by whatever name he may be called, appointed by the Board;
- (g) ‘Cooperative Bank’ means a cooperative society which undertakes banking business under license from the Reserve Bank of India;
- (h) “Cooperative or cooperative society” means a cooperative society registered or deemed to be registered under this Act;
- (i) “Cooperative Principles” means the co-operative principles as specified in the Bye-laws;
- (j) “Co-operative year” means the period commencing on the first day of April of any year and ending with the 31st day of March of the succeeding year;
- (k) “Defaulter” means a member who has made default in payment of any kind of dues payable to the FPO and has not cleared such default within time specified in the notice served upon him/ her;
- (l) “delegate” means a person elected or selected by a group of members to represent them in the general body of the FPO in accordance with the Act, the Rules made under it and the bye-laws of the FPO;
- (m) “Financial year” means the period from 1st April to 31st March.
- (n) “General Body” means all members, except nominal and associate members, of the FPO, and includes a body constituted under the provisions of the Act;
- (o) “General Meeting” means a meeting of the general body of the FPO and includes special general meeting;

- (p) “Member” means persons joining in the application for registration of the FPO and includes a person admitted to membership after such registration in accordance with the provisions of the Act, rules and Bye laws of the FPO and includes a nominal or an associate member;
- (q) “Nominal member” means a person who has been admitted as a nominal member under the bye-laws of the FPO and with whom the FPO has or proposes to have business dealings;
- (r) “Office bearer” means a Chairperson, Vice-Chairperson and includes any other person to be elected by the Board of the FPO and “Officer” means a Chairperson, Vice-Chairperson, Chief Executive, Managing Director, Secretary, Manager, members of the Board, Treasurer, Liquidator, an Administrator appointed under the Act and includes any other person empowered under the Act or the rules or the Bye-laws to give direction in regard to the business of the FPO;
- (s) “prescribed” means prescribed by Rules made under the Act;
- (t) 'Promoter' means a farmer producer member or any other person, who has signed the application for registration of the FPO;
- (u) “Registrar” means the Registrar of Cooperative Societies appointed under section 3 of the Act and includes any person appointed to assist the Registrar on whom all or any of the powers or duties of the Registrar have been or has been conferred or imposed under the Act;
- (v) “Regulations” means regulations framed and adopted by the FPO on different matters for carrying on the work of the FPO and includes all subsequent amendments thereto;
- (w) “Rules” means the H.P. Cooperative Societies Rules, 1971 as amended from time to time; and
- (x) “Scheme” means “Yuva Sahkaar Kosh” scheme for the promotion of FPOs registered in the State of Himachal Pradesh.
- (y) “State Government” or “Government” unless expressed otherwise, means the Government of Himachal Pradesh.

5. Objectives and services

(1) The FPO shall work for social and economic betterment of its members in accordance with the Cooperative Principles. The Objectives of the FPO are listed below:-

- (a) to focus on agriculture and allied sector activities with other supporting activities to supplement the income level of farmer producer members;
- (b) to enhance the production, productivity, and profitability of member farmer producers;
- (c) to mobilize the farmers and build their capacity to collectively leverage the production and marketing strengths;
- (d) to strengthen farmers' capacity through agricultural best practices;
- (e) to enable farmers in accessing the markets through their FPOs, both as buyers and sellers;
- (f) to build a sustainable agriculture sector by promoting and supporting farmers to enable them to improve production and productivity in the State;
- (g) to provide the required assistance and resources such as technical knowledge, inputs, financial resources, and infrastructure to strengthen the FPO and its producer members through qualified Implementing Agencies under the Scheme for **“Formation and Promotion of Farmer Producer Organizations (FPOs)”**;
- (h) to create a policy environment for investment in FPO to leverage its production and marketing strength;
- (i) to ensure access to the usage of quality input and services for intensive agriculture production;
- (j) to facilitate access to fair and remunerative markets that includes producer groups to marketing opportunities through market aggregators.
- (k) to deal with other rural based activities like handloom and handicrafts, weaving, pottery, etc. to supplement income of producers and rural artisans;
- (l) to establish agri-value chain in agricultural, horticultural and allied sector produce including dairying, fisheries, goat rearing, permitted minor forest produce and such other produce and activity to collectively leverage their production and marketing strength.
- (m) to arrange for providing specialized training and education to members on agri-production, processing, marketing, etc.;
- (n) to arrange for the protection of crops and other produce of members;
- (o) to arrange for practical demonstration of the improved methods of cultivation of vegetables, fruits, agriculture commodities and to help in their introduction;
- (p) to arrange for providing a platform including information technology based interface for members to link global exports market to export their products;
- (q) to create infrastructure for promotion and facilitation of exports and take all possible steps to promote exports of the products of producer members;
- (r) to ensure compliance of the cooperative principles;
- (s) to undertake measures designed to encourage in the members the spirit and practice of thrift, self-help and mutual help;
- (t) to provide awareness on various government schemes and benefits from exports;
- (u) to facilitate and access Government schemes or Government sponsored support systems for the benefit of the members;

- (v) to cultivate on a joint basis of the lands of the members pooled for the purpose and such other lands owned or possessed by the FPO;
- (w) to undertake the rural tourism activities in the State to supplement income of rural villagers and members of the FPO;
- (x) to receive subscription and to accept grant of money, securities, endowments, and property of any kind from Central and State Governments and other public or private organizations and individuals, on such terms as may deem expedient;
- (y) to arrange funds for the business of FPO;
- (z) to acquire, purchase, exchange, lease, license, hire, relinquish any property movable or immovable which may be necessary or convenient for the purpose of the FPO and to build, construct, improve, alter, demolish and repair such buildings, works and constructions, as may be necessary, for carrying out the objects of the FPO;
- (aa) to sell, lease, exchange, hire or otherwise transfer all or any portion of the property, movable and immovable of the FPO, and to advance loans in furtherance of the objects of the FPO;
- (bb) to draw, make, accept, endorse and discount cheques, notes or other negotiable instruments for the purpose of the FPO;
- (cc) to do all such things as are incidental or conducive to the attainment of any or all the above mentioned objects; and
- (dd) to perform any other activity as authorized by the Board from time to time.

(2) The FPO shall offer end-to-end services to its members, covering almost all the aspects of cultivation (from inputs, technical services to processing and marketing). It shall also facilitate linkages between farmers, processors, traders, and retailers to coordinate supply and demand and to access key business development services like market information, input supplies, and transport services. Based on the emerging needs, the FPO will keep on adding new services from time to time.

(3) The indicative list of services to be offered by FPO includes,-

- (a) **Financial Services:** The FPO will provide loans for the purchase of tractors, for crops, pump sets, construction of wells and laying of pipelines;
- (b) **Input Supply Services:** The FPO will provide low cost and quality inputs to member farmers. It will supply pesticides, fertilizers, sprayers, seeds, pump sets, accessories;
- (c) **Procurement and Packaging Services:** The FPO will procure agriculture produce from its member farmers and will do the storage, value addition and packaging;
- (d) **Marketing Services:** The FPO will encourage direct marketing after procurement of agricultural produce to enable members to save in terms of time, transaction costs, weightiest losses, distress sales, price fluctuations, transportation, quality maintenance, etc.;
- (e) **Insurance Services:** The FPO will arrange to provide various insurance like Electric Motors Insurance, Crop Insurance, and Life Insurance;

- (f) **Technical Services:** The FPO will promote the best practices of farming, maintaining marketing information system, diversifying and raising levels of knowledge. It will also help in improving skills in agricultural production and post-harvest processing that adds value to products; and
- (g) **Networking Services:** The FPO will help in making channels of information (e.g. about product specifications, market prices) and other business services accessible to rural producers. In addition to this, it will facilitate linkages with financial institutions, building linkages of producers, processors, traders, and consumers with government programmer.

6. Co-operative Principles

The FPO shall be based on the values of self-help, democracy, self responsibility, equality, equity and solidarity. The FPO's member strongly believes in the ethical values of honesty, openness, social responsibility and caring for others. The Co-operative Principles, as detailed below, are guidelines by which FPO shall put its values into practice:-

- i) **Voluntary and Open Membership** – the FPO shall be open for all persons who are able to use its services and willing to accept the responsibilities of membership without discrimination in gender, social, racial, political or religious.
- ii) **Democratic Farmer Member Control** – Men and women serving as elected representatives are accountable to the collective body of members. In primary FPOs, farmer-members have equal voting rights i.e. one member, one vote and on the other hand FPOs at other levels are also organized in a democratic manner.
- iii) **Farmer – Member Economic Participation** – Farmer-members allocate surpluses for any or all of the following purposes:-
 - a) developing their FPO, for setting up reserves where part of which at least would be indivisible;
 - b) benefiting members in proportion to their transactions with the FPO; and
 - c) giving support to all other activities approved by the members.
- iv) **Autonomy and Independence** – **The Farmer Producer Organizations** are autonomous, self- help organizations that are controlled by their farmer- members. In case they enter into other agreements with other organizations including governments or raise capital from external sources, they do so on terms that ensure the democratic control by their farmer- members and maintain their FPO's autonomy.
- v) **Education, Training, and Information** – **The FPO** provides education and training to their farmers–members and elected representatives, managers and other employees. This training helps them to contribute effectively to the development of their FPO.

vi) **Co-operation among FPOs** – The FPO serves its members in the most effective manner and also strengthens the FPO movement by working together through local, national, regional and international structures.

vii) **Concern for the Community** – FPOs work for the sustainable development of their communities through policies approved by their members.

7. Farmer Producer Organization to be a body corporate

The registration of the FPO shall render it a body corporate having perpetual succession and with power to acquire, hold and dispose of property, both moveable and immovable, 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.

Chapter-2: MEMBERSHIP, ELIGIBILITY, RIGHTS & LIABILITY

8. Membership

(1) Subject to the provisions of the Act or the rules made there under, the FPO shall have the following membership:-

- (i) Ordinary Members;
 - (a) Persons joining in the application for registration;
 - (b) Persons admitted in accordance with the Bye-laws.

(ii) Nominal or associate members.

(2) The FPO may, in accordance with the procedure laid down in the Act and the bye-laws for admission of any member, admit minors and persons of unsound mind inheriting share or interest of deceased members as its members through their legal representatives or guardians respectively. The member so admitted shall enjoy such rights and bear liabilities as are laid down in these Bye-laws and which are not inconsistent with the Act and Rules.

(3) Members other than the promoter members who join in the application for registration shall be admitted by the Board in accordance with the provisions of Bye-laws.

(4) An ordinary member on admission shall pay a non-refundable admission fee of Rs. 100/- or any larger sum as may be decided in the general body or fixed by the Registrar from time to time and sign his name or make his thumb impression on the register of members.

(5) The FPO shall not admit members within 30 days prior to the date of the meeting of the general body.

9. Eligibility for obtaining ordinary membership

(1) An applicant shall be eligible to become ordinary member of the FPO if he fulfills following conditions, namely-

- (i) He/ she has attained the age of 18 years, except in the case of minor heir of a deceased member;
- (ii) He/ she is an ordinary resident in the area of operation of the FPO;
- (iii) He/ she is of good character;
- (iv) He/ she is an agriculturist or horticulturist or is in the profession of sericulture, floriculture, poultry, dairy farming, fish farming, beekeeping, or in any other agriculture and allied activity subservient to the objects of the FPO in the area of operation of the FPO;
- (v) His/ her interest does not conflict with the interest of the FPO;
- (vi) He/ she has given declaration that he is not a member of any other similar FPO;
- (vii) He/ she has paid admission fee and purchased minimum one share and paid the value thereof in full;
- (viii) He/ she has fulfilled all other conditions of membership laid down in the Act, the rules and the bye-laws.

(2) No person shall be eligible for admission as **an ordinary** member of the FPO if,-

- (i) He/ she has been adjudged by a competent court to be an insolvent or undischarged insolvent and does not genuinely need the services provided by the FPO;
- (ii) He/ she 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.

10. Procedure for obtaining ordinary membership

(1) Except in the case of persons joining in the application for registration, the application for ordinary membership of the FPO shall be submitted by an applicant to the Chief Executive of the FPO in the **form, if any, specified** and paid the admission/ membership fee and purchased minimum one share of Rs. _____ and paid the value thereof in full.

(2) The applications for ordinary membership of the FPO found complete in all respects shall be disposed of by the Board within a period of three months from the date of receipt of the application by the FPO. The decision of the Board thereon shall be communicated to the applicant within fifteen days thereof by Registered Post. The admission fee/ membership fee shall not be refundable to the applicant in any case.

(3) Admission to membership shall not be refused to any person qualified under the Act and Bye-laws without sufficient cause. When a person is refused membership, the decision with reasons for doing so shall be communicated within three months from the date of application or within 15 days from the date of decision whichever is earlier. Any person aggrieved by the

decision of the Board may appeal to the Registrar under section 93 (c) of the Act, whose decision thereon shall be final and binding on the FPO.

11. Nomination by members

Every member, at the time of admission as a member, shall in writing nominate a person or persons to whom the whole or part of his/ her shares or interest in the FPO shall be transferred or paid in the event of his/her death. Such nomination shall be made in accordance with the provision of the Act and the Rules made there under:

Provided that, a fee of Rs. 10/- shall be charged for any subsequent revocation or variation of such nomination.

12. Procedure for expulsion from ordinary membership

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

Provided that the member concerned shall not be expelled unless notice of such a resolution is given and due procedure as laid down under the Act, Rules and the Bye-laws has been followed and such member given a reasonable opportunity of making representation in the matter.

(2) On expulsion from the FPO, in accordance with the provisions of the Act and the Rules, a person shall cease to be a member. Such expulsion may involve forfeiture of shares at the sole discretion of the FPO.

(3) No member of the FPO who has been expelled under preceding clause shall be eligible for re-admission as a member of the FPO, for a period of one year from the date of such expulsion.

13. Disqualifications for member of the Farmer Producer Organization

No person shall be eligible for being or continuing as an ordinary member of the FPO if,-

- (i) His/ her business is in conflict or competitive with the business of the FPO; or
- (ii) He/ she has not attended three consecutive general meetings of the FPO and such absence has not been condoned by the members in the general body meeting of the FPO; or
- (iii) He/ she has made any default in payment of any amount to the FPO under the bye laws and has not paid the amount even after 30 days notice for clearance of such default.

14. Notice to defaulters before disqualifying them

The defaulters of the FPO shall be given a reasonable opportunity of making representation before disqualifying them from membership of the FPO by serving upon them 15 clear days notice to the effect that as to why their membership should not be terminated.

15. Cessation of membership

The membership of a farmer producer organization may cease in case of:

- (i) resignation or death of the member; or
- (ii) cancellation of registration of the FPO; or
- (iii) transfer of all the shares to other members; or
- (iv) expulsion of member by the general body; or
- (v) ceasing to reside in the area of operation of the FPO;
- (vi) incurring any other disqualification of membership.

16. Liability of members

(1) Liability of the farmer producer members shall be limited to the share capital subscribed by them.

(2) Subject to the provision of sub-clause (3), the liability of a past member of the FPO for the debts of the FPO, as they existed on the date on which he/ she ceased to be a member, and the liability of the estate of a deceased member for the debts of the FPO as they stood on the date of his/ her death shall continue for a period of two years from the date of his/ her cessation of membership or death, as the case may be, as per the provisions of the Act.

(3) Where the FPO is ordered to be wound up under Section 78 of the Act, the liability of a past member who ceased to be a member 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 FPO as they existed on the date of cessation of membership.

17. Rights and duties of the members

(1) No right of membership shall be exercisable until a person has made such payments to the FPO in respect of membership or **acquired** such interest in the FPO as may be specified in the Act or the rules made there under or the Byelaws:

Provided that, in case of increase in minimum contribution of member in share capital to exercise right of membership, the FPO shall give a due notice of demand to the members and give reasonable period of time to comply with.

(2) Except in the case of persons joining as members at the time of application for registration of the FPO, no right of membership shall be exercisable until the expiry of one year from the date of admission as a member for the purpose of contesting the election to the Board of the FPO.

(3) A farmer producer member shall -

- (i) have right to receive notice of general body meetings as per bye-laws of the FPO;
- (ii) have one vote in the affairs of the FPO;
- (iii) exercise his/ her vote in person and shall not be permitted to vote by proxy;
- (iv) have right to attend and take active part in the proceedings of the general body meeting;
- (v) have right to take part in elections and contest for any post as per provision of the Act, Rules and Bye-Laws of the FPO;
- (vi) not indulge in activities which are detrimental to the interest and proper working of the FPO;
- (vii) attend general body meetings and take active part in the proceedings.

18. Right to get information

A farmer producer member shall have right to inspect member registers, books, information and accounts or any other record of the FPO kept in regular transaction of its business with such member and obtain certified copies of the resolutions or documents on a payment of fee as may be specified by the Board from time to time. The FPO shall ensure timely access of information to its members and will designate Chief Executive or any director or any of its officers to act as Information Officer for providing access to the books, information and accounts kept in regular transaction of its business with such member.

19. Nominal and associate members

(1) Subject to the provisions of the Act and the rules made there under, the FPO may admit any person as a nominal or associate member.

(2) The FPO may, in the interest of promotion of its business, admit a person as a nominal member on payment of non refundable admission fee of rupees 100/- or any larger sum as may be decided in the general body or fixed by the Registrar from time to time.

Provided that such **nominal** member shall not,-

- (i) be entitled to subscribe to the share capital of the FPO; or
- (ii) have the right to any share in any form, whatsoever, in the profits or assets of the FPO as such member; or
- (iii) have the right to vote or have any interest in the management of the FPO; or

- (iv) have right to contest elections and be elected as a director of the Board; or
- (v) have right to participate in the general body meetings of the FPO.

(3) The FPO may also admit a person as an associate member who holds jointly a share of the FPO with other member but whose name does not stand first in the share certificate. An associate member shall be a legitimate member of the FPO, but only after the member whose name stands first in the share certificate.

(3) In case of joint membership, 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 the right to vote.

20. Withdrawal and resignation of member

(1) A farmer producer member may withdraw and resign from the membership of the FPO after two years and giving at least 2 months notice in writing and, thereafter, withdraw his/her share capital with the approval of the Board. The approval shall not be given while such a member is indebted to the FPO. During any co-operative year, the aggregated withdrawals shall not exceed 10% of the total paid-up share capital as on 31st March of the preceding year.

(2) A member who withdraws or resigns from the membership will not be allowed to become a member again for a period of one year from the date of resignation unless the member repays the amount withdrawn by it from the FPO.

Chapter-3: SHARES

21. Shares

(1) The Authorized Share Capital of the FPO shall be Rs. _____ divided into _____ Shares of Rs. _____ each.

(2) The face value of each share shall be Rs. _____ (Rupees _____ Only). Application for allotment of shares shall be made in writing on the specified form. The face value of the share shall be payable in full on allotment of share.

(3) A farmer producer member is at liberty to apply for purchase of more shares at any time provided that no member shall be permitted to hold shares exceeding 1/10th of the paid up share capital of the FPO.

(4) Share may be purchased in the name of more than one person jointly provided that,-

- (a) On death of a joint-holder, the surviving person/ persons shall be recognized as share holder;
- (b) 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;
- (c) Only one person whose name stands first written on the share certificate shall enjoy all the rights of a member and shall be entitled to receive the annual dividend and notice of the general meeting; and
- (d) Where a share of the FPO is held jointly by more than one person, the person whose name stand first in the share certificate and who is present, shall have the right to vote and contest elections of the Board.

22. Share certificate

(1) Every farmer producer member of the FPO shall be entitled to receive a share certificate signed by the Chief Executive specifying the number of share/ shares and its/ their distinctive number/ numbers. The share certificate shall bear the seal of the FPO.

(2) If any share certificate is worn out, defaced, mutilated, destroyed or lost, new share certificate shall be issued in lieu thereof on payment of such fee as specified by the Board per share certificate and upon the delivery of the worn out or defaced original certificate for cancellation and, in the case of destruction or loss of the share certificate, on giving indemnity to the Board as may be required and upon such terms and conditions as the Board may think fit.

23. Transfer and refund of shares

(1) A farmer producer member may transfer his/ her share or shares to any person duly approved by the Board after holding them for not less than two years. The transfer will not be deemed to be completed until the name of the transferee has been duly entered in the Register of Members and the transfer fee of Rs._____ (Rupees _____ Only) is paid per Share Certificate.

(2) Transfer of shares shall be refused to a member, if—

- a) such member is indebted to the FPO either as a borrower or surety;
- b) the transferee does not fulfill the conditions of membership specified under the bye-law;
- c) the share certificate is lost, worn out, defaced or destroyed and duplicate share certificate in lieu thereof has not been issued;
- d) such member has held such shares in the FPO for less than two years.

(3) No transfer of shares shall in any case be more than the sum received by the FPO in payment thereof.

(4) Shares of a farmer producer member shall be transferred to his nominee in terms of the provision contained in section 23 of the Act.

(5) Any farmer producer member may nominate any person to succeed to his/ her shares or interest in the FPO in the event of his death. Such nomination shall be given effect to by the FPO provided that:

- (i) The nomination has been registered in the books of the FPO kept for the purpose;
- (ii) The nomination has been duly signed by the deceased at the time of subscribing to the shares of the FPO or thereafter in presence of two witnesses;
- (iii) A fee of Rs. 10/- has been charged for any revocation or variation after the first nomination;
- (iv) Claim for such nomination has been filed by the nominee and not by any other person.

(6) In the event of cessation of membership under these Bye-laws, the farmer producer member shall, with the approval of the Board, be refunded the amount of share held by him/ her at appropriate value determined under the Act and the rules made there under:

Provided that,-

- (i) such member is not indebted to the FPO as borrower or as a surety; and
- (ii) the refund of share capital does not exceeds 10 percent of the aggregate paid up share capital of the FPO as it stood on 31st March of the preceding year.

(7) On the death of a farmer producer member, the amount standing to his credit shall, subject to deductions on account of his/ her liabilities to the FPO, be transferred according to the provisions of the Act and the Rules made there under to his nominee or, in the absence of such nomination to such person as may appear to the Board to be entitled to receive the amount as heir or legal representative of the deceased member, on his/ her executing a deed of indemnity to the FPO, as prescribed in the Rules:

Provided that the term deposit, if any, of the deceased member shall not be returned to his / her nominee, heir or legal representative before the maturity period of such deposit.

24. Maintenance of share and other registers

The FPO shall maintain a Share Register indicating the particulars of every share, nomination and other details as well as Books and Registers as specified under the Act and the Rules made there under. In addition, a list of members in such Form as specified under the Rules shall be maintained.

25. Liens on Shares, dividends and deposits

The FPO shall have the first and paramount lien or charge upon all the shares, dividends and deposits of any farmer producer member or past member for all money due from him/ her to the FPO from time to time. The FPO may, at any time, set off any sum credited by or payable to the member or past member towards payment of any liability of such member or past member.

Chapter-4: ORGANIZATION AND MANAGEMENT

26. General Body

- (1) The general body of the FPO shall consist of ordinary members of the FPO.
- (2) The final authority in all matters related to the business of the FPO shall vest in the general body of ordinary members in a general meeting of the FPO and shall be exercised in accordance with the provisions of the Act, Rules and bye-laws.

Provided that where the membership of the FPO exceeds 500, it may constitute a smaller body consisting of delegates of members of the FPO elected or selected in accordance with the bye-laws. The smaller body shall exercise such powers of the general body as may be prescribed or as may be specified in the bye-laws but shall not have the power to conduct election of the Board and to amend the bye-laws:

Provided further that nothing contain in this bye-law shall affect any powers conferred on the Board or a committee or sub-committee or any officer of the FPO by these bye-laws.

- (3) Subject to the provisions of the Act and the Rules made there under, the first general body meeting of the FPO shall be called within a period of 180 days from its registration to transact following business:-
 - (a) Approval of allotment of shares, amount collected and amount spent in connection with the registration of the FPO before registration;
 - (b) Election of the Board of Directors; and
 - (c) To consider and decide on any other business brought before the general body with the permission of the chair.
- (4) The General Body shall conduct business according to the provisions of the Act and the Rules.

27. General meeting by delegates

- (1) The FPO, in case its membership exceeds 500 , may hold its general meeting by calling representatives (hereinafter referred to as delegates) of areas or sections instead of summoning all the members in person.
- (2) One delegate shall be elected for every 10 members or major fraction thereof.
- (3) No person shall be qualified to be elected as a delegate who is not a member, and who has not attained the age of 18 years.
- (4) The delegates shall hold office and attend all general meetings for five years or till fresh delegates are elected in their places whichever is earlier.
- (5) Each delegate shall have one vote.
- (6) A member shall cease to be a delegate if he,-
 - (a) ceases to be a member of the FPO; or
 - (b) resigns his office as a delegate.
- (7) A casual vacancy in the office of a delegate in any area, or section, shall be filled by election by members in the area or section concerned.
- (8) The delegates shall transact business, as provided the Act and the rules, other than the amendment of bye-laws and election of the Board.

28. Division of area of FPO for election of the delegates

- (1) The Board, subject to the approval of the Registrar, shall divide the area of operation of the FPO into convenient areas or sections for the purpose of election of delegates.
- (2) The division of the area of operation of FPO under preceding bye-law shall be duly notified to all members, and a member in a particular area, or section, shall be entitled to vote in the election of the delegates only for that particular area or section.

29. Regulations for election of delegates

The Board shall, subject to the approval of the Registrar make regulations to provide for all matters relating to the election of delegates and in particular for,-

- (a) the manner of nomination, election and removal of delegates;
- (b) the total number of delegates to be elected and the number of delegates to be elected from each area or section in accordance with the bye-laws.

30. Powers and functions of the general body

The Board under a resolution shall, within six months of the close of the preceding Financial year, convene the annual general body meeting at the principal place of business of the FPO,-

- (a) to elect the members of the Board of the FPO;
- (b) to consider annual report of the FPO, its audited balance sheet, profit & loss account and the inspection notes of the Registrar or of any person authorized by the Registrar to inspect;
- (c) to consider audit compliance report;
- (d) to approve appointment of auditors & fix their remuneration;
- (e) to review operational deficit, if any;
- (f) to create specific reserves and other funds;
- (g) to approve the annual budget prepared by the Board and also approve excess budgetary expenditure of the previous year, if required.
- (h) to approve programme of activities of the FPO prepared by the Board for ensuing year;
- (i) to approve the long-term perspective plan and the annual operation plan;
- (j) to dispose of net profit in accordance with the Act, the Rules made there under and these Bye-laws;
- (k) to review actual utilization of reserves and other funds;
- (l) to review annual report and accounts of subsidiary institution, if any;
- (m) to consider expulsion of any one or more members from the FPO in accordance with byelaw;
- (n) to review list of employees who are relatives of members of the Board or the Chief Executive;
- (o) to amend the bye-laws, subject to the approval of the Registrar;
- (p) to formulate code of conduct for the members of the Board and officers;
- (q) to suspend or remove members of the Board of the FPO;
- (r) to consider the statement showing the detail of loans or goods on credit, if any, given to any member of the Board or to the spouse or son or daughter of the member of the Board during the preceding year outstanding against him or them;
- (s) to approve amendment of regulations;
- (t) to frame welfare schemes for the members; and
- (u) to consider any other matter to be laid before it by the Board. .

31. Special general body meeting

A special general body meeting of the FPO may be called at any time at the instance of the Chairperson or majority members of the Board and shall be called within one month after the receipt of requisition from the Registrar or from 1/5th of the total number of members of the FPO to transact the business as stated in the notice of the meeting or in case the FPO is a

member of a Federal FPO, at the instance of the Board of such Federal FPO. The meeting so convened shall not transact any business, other than that mentioned in the notice of the meeting, fixing date, time and place for the meeting requisitioned.

32. Notice for annual general body meeting and the special general body meeting

(1) Annual general meeting of the FPO may be called by giving not less than clear 14 days notice in writing to all the members of the FPO indicating the date, place, time and business to be transacted there at.

(2) Special general meeting of the FPO may be called by giving not less than clear 7 days notice in writing to all the members of the FPO indicating the date, place, time and business to be transacted there at.

(3) The notice of the annual general meeting shall be accompanied by a copy 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 thereon along with notice of election to the Board of Directors, if any, and amendment to the bye-laws, if any.

(4) The notice of general body meeting shall be sent to the members by the following modes, namely-

- (i) by local delivery or by speed post or by courier or under postal certificate or by electronic mode; or
- (ii) by publication of notice in the news paper having wide circulation.

(5) Notice of the general body meeting shall also be displayed on the notice board of the FPO, its branches **and the website**, if any.

33. Quorum of the general body meeting

(1) Unless larger quorum is specified under the Act, the quorum for the general meeting shall be $\frac{1}{3}^{\text{rd}}$ of the total number of members of the FPO or 50 members, whichever is less:

(2) 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.

(3) If within one hour from the appointed time for the meeting, quorum is not present, the meeting shall stand adjourned and would be held after half an hour at which a quorum of one fifth or thirty; whichever is less; of the total number of members on the date of the meeting, so adjourned shall be necessary. If the meeting has been called on requisition of members, it shall be dissolved and not adjourned.

(4) If at any time during the meeting sufficient number of members are not present the chairperson, at his own motion, or on his/ her 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.

(5) Where a meeting is adjourned under sub-clause (3) or (4), the adjourned meeting shall be held on the same day and at the same place.

(6) No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting.

(7) The adjourned meeting shall transact its regular business even without the quorum being present at the meeting.

34. Chairperson of the general body meeting

(1) The Chairperson of the Board of Directors shall preside over all the general body meetings of the FPO. In his/ her absence, the Vice-Chairperson and in absence of both, the members of Board shall elect one of the members to preside over the general body meeting.

(2) Every farmer producer member shall have one vote irrespective of the number of shares held by him/her. The President/ Chairperson of the FPO shall ordinarily have one vote. However, in case of tie, he/ she shall, in addition, have a casting vote. In case of division of votes on any subject or resolution, the President/ Chairperson, if requested by any one of the members, shall put such subject or resolution to vote and it shall be polled by counting of raised hands and the subject shall be decided by a simple majority.

35. Resolutions

Unless otherwise specifically provided in the Act, Rules and the Bye- laws, resolutions shall be carried by a majority of votes. Votes shall be taken by show of hands unless ten or more members demand a poll. In such case, a poll shall be taken. However, election to the Board of Directors shall be held by secret ballot as per the procedure prescribed in the Rules.

36. Minutes of the 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 Chairperson and Chief Executive of the meeting. The minutes so signed shall be an evidence of the correct proceedings of that meeting.

37. Constitution of the Board of directors

(1) The Management of the affairs of the FPO shall vest in the Board of Directors duly constituted in accordance with the provisions of the Act, Rules made there under and the Bye-laws of the FPO.

(2) The Board of the FPO shall be constituted by,-

- (a) election from amongst the members of the FPO at the annual or special general meeting;
- (b) nominee(s) of other institutions (*specify the name of institutions, including financial institutions*), as provided in the bye-laws;
- (c) appointment by the Registrar in the manner provided in section 34-A of the Act; and
- (d) Government nominees, if any, nominated under section 35 of the Act.

(2) The Board of the FPO shall consist of _____ members (*specify total number of Board members not exceeding 21 and not less than 5*) of which _____ members shall be elected (*specify number of members to be elected out of total*) in accordance with the provisions of the Act and the Rules made there under:

(3) The Chief Executive shall be ex-officio member of the Board and appointed by the FPO.

(4) All the directors of the Board except the office bearers, nominated and co-opted members shall be elected by the farmer producer members in the manner as provided under the Act and the Rules.

38. Term of the office and elections

(1) The term of office of the elected members of the Board and its office bearers shall be five years from the date of election and the term of office bearers shall be coterminous with the term of the Board:

Provided that the Board may fill 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 office of the Board is less than half of its original term.

(2) The outgoing Board 90 days before the expiry of its term shall take necessary steps in accordance with the provisions of the Act and the Rules made there under to conduct fresh election 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.

(3) The outgoing member of the Board shall be eligible for re-election subject to the provision of the Act and the Rules made there under.

39. Office bearers

- (1) The Board shall, as soon as may be possible, elect from among its members a Chairperson, Vice-Chairperson and such other officers, as may be specified in the Bye-Laws.
- (2) The election of the office Bearers namely, Chairperson, Vice –Chairperson, Treasurer and other office bearers (*specify other office bearers, if any*) of the FPO shall be conducted by the authorized person/ authority/ body, as may be specified under the Act or the Rules made there under, within thirty days from the date of declaration of the result of the election of the Board.
- (3) The Chairperson of the FPO or in his absence the Vice-chairperson shall preside over the Board meeting. In their absence, members of the Board present at the meeting shall elect one of them as a President for the purpose who shall preside over the meeting.
- (4) Each member of the Board shall have one vote in the affairs of the FPO, however, the Chairperson of the meeting shall have a casting vote in case of tie. Unless otherwise expressly provided in the Act or the Rules made there under.
- (5) Any member of the Board may, at any time, resign from his office by sending a letter of his resignation to the Chairperson or Chief Executive of the FPO and such resignation shall be placed before the Board of Directors in the Board meeting for disposal within a period of 15 days from the date of its receipt.

40. Eligibility for being a member of the Board

- (1) Save as provided in these Bye-laws, no individual member shall be eligible for being elected as a member or an office bearer of the Board of FPO, if such member:
 - (a) is less than **18** years of age;
 - (b) has not been a member of the FPO for at least one year immediately preceding the date of election or appointment provided that this restriction shall not be applicable to the members joining at the time of application for registration of the FPO;
 - (c) has been adjudged by a competent civil court to be insolvent or of unsound mind;
 - (d) is concerned with the profits of any contract with the FPO;
 - (e) has been convicted for an offence involving moral turpitude;
 - (f) is a paid servant or holds any office or place of profit under the FPO;
 - (g) is a direct or indirect defaulter of the FPO for any sum, loan or advance given to him or to any other member to whom he/ she has stood as a surety and has failed to clear the default even after the receipt of a notice of default issued to him/ her by the FPO within the time specified therein;

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

Explanation- For the purposes of this clause, “legal practitioner” has the same meaning as in clause (i) of sub-section (1) of section 2 of the Advocates Act, 1961(25 of 1961).

- (j) has been convicted for any offence under the Act;
- (k) is disqualified for being a member of the FPO under the Act or the Rules made there under;
- (l) has at any time been expelled as a member under the Act or the Rules or the Bye-laws of the FPO;
- (m) resigns from office and his resignation is accepted by the Board;
- (n) ceases to be an agriculturist;
- (o) is incurring or has incurred any disqualification under the provision of the Act and the Rules made there under.

41. Powers and functions of the Board of directors

1) The Board may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under the Act, except those reserved for the general meeting.

2) Without prejudice to the generality of the foregoing powers, such powers shall include the following powers:-

- (a) to observe in all their transactions, the Act, the Rules made there under and the bye-laws;
- (b) to interpret the organizational objectives and set up specific goals to be achieved towards these objectives;
- (c) to admit members;
- (d) to keep a register of members correct and up-to-date;
- (e) to elect, suspend members and issue new and transfer old shares;
- (f) to elect office bearers including Chairperson and vice-Chairperson, **co-opt** and nominate members on the Board;
- (g) to maintain true and accurate accounts of all money received, expended and all stock bought and sold;
- (h) to keep true accounts of assets and liabilities of the FPO;
- (i) to raise funds for the purposes and objects of the FPO;
- (j) to enter into agreements with Government/ financial institutions/ Government agencies for seeking benefits of various govt. schemes;
- (k) to authorize opening of accounts in Banks;

- (l) to formulate, alter, rescind, or abrogate regulations, from time to time, for approval of the general body regarding acceptance of deposits, loans, advances, travelling allowance of Directors and salaried staff, provident fund, gratuity, sitting fee and daily allowance of Directors, recruitment of staff, service conditions of the employees, etc.;
- (m) to examine the accounts, sanction contingent and other expenditure and supervise the maintenance of the specified registers;
- (n) to summon general body meetings in accordance with these Bye-laws;
- (o) to prepare and lay before the general body meeting the annual profit and loss account and audited balance sheet of the FPO;
- (p) to approve annual and supplementary budget;
- (q) to formulate proposals for amendment of bye-laws to the general body for approval;
- (r) to arrange for the adequate storage of the produce of the members, its processing and marketing thereafter;
- (s) to purchase, sell, hire or otherwise acquire and dispose of property on behalf of the FPO;
- (t) to arrange for the safe custody of the property of the FPO and to maintain it in good condition and when necessary arrange for its insurance;
- (u) to invest the surplus funds of the FPO in accordance with the provisions of the Act;
- (v) to appoint a Chief Executive and to fix his remuneration, subject to approval of the Registrar, if necessary;
- (w) to appoint, suspend, punish and dismiss employees subject to service conditions laid down by the Board or as approved by the Registrar from time to time and to take proper securities from them as specified by the Board;
- (x) to distribute the duties between the Chief Executive and other employees and to fix the scale of salaries to be paid to employees;
- (y) to consider the Inspection note of the Registrar and any other person authorized to inspect the FPO by the Registrar and take necessary action;
- (z) to borrow loans subject to any restrictions imposed by the Registrar and general body and to make necessary arrangement for its timely repayment;
- (aa) to decide the terms on, the periods for and the rates of interest at which deposits are to be received from the members and to arrange for the repayment of such deposits;
- (bb) to authorize any member or officer or employee of the FPO or other person to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the FPO or Board or the officers or employees concerning the affairs of the FPO;
- (cc) to acquire on behalf of the FPO shares in other registered FPOs and cooperative societies;

- (dd) to arrange for the conduct of timely elections of the Board as per the Bye-Laws;
- (ee) to accept or reject the resignation from the members of the Board and in case of acceptance, to elect new members or nominate other members, as the case may be, till the election of new Board in accordance with the Act;
- (ff) to decide the terms on which fruits, vegetables and agriculture products of farmer producer members shall be stored and/ or marketed through the FPO;
- (gg) to arrange for any expert advice in regard to cultivation of agricultural products and agri-allied activities;
- (hh) to appoint committees and / or sub-committees for executing specific tasks and purposes;
- (ii) subject to the provisions of the Act and the Rules made there under, to delegate any of the powers of the Board, for reasons to be recorded in writing, to the Chief Executive or any other officer by whatever designation called, for the smooth functioning of the day to day business of the FPO; and
- (jj) to take such other measures or to do such other acts as may be specified or required under the Act, Rules, Regulations framed by the Board or the Bye-laws concerning the business of the FPO;

(3) In the conduct of business of the FPO, the Board shall exercise prudence and due diligence of ordinary men of business and shall be responsible for any willful loss sustained through acts contrary to the Act, the Rules made there under and the Bye-laws.

(4) The services of the members of the Board shall be gratuitous and no member of the Board shall receive any salary for his work as a member of the Board. However, they shall be paid travelling and daily allowance on the rates fixed by the general body from time to time.

(5) All business discussed and decided at a meeting of the Board shall be recorded in a proceedings book which shall be signed by the Chairperson of the meeting and the Chief Executive and all the members of the Board present in the meeting.

42. Removal of elected member of the Board by the general body

An elected member of the Board, who has acted adversely to the interests of the FPO, may on the basis of a report of the Registrar or otherwise be removed from the Board upon a resolution of the general body passed at its meeting specially convened for the purpose.

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

43. Vacancy in the office of Board of directors

If any casual vacancy arises in the office of Board, it shall be filled by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of office of the Board is less than two and half years.

44. Meetings of the Board of directors

(1) The majority members of the Board shall decide any question brought forward for discussion at the meeting of the Board of Directors. In case of equality of votes, the Chairperson shall have a casting vote.

(2) The proceeding of the meetings of the Board shall be recorded in the minute book to be kept for the purpose.

(3) The Chief Executive shall convene the meeting of the Board at the instance of the Chairperson **or on a written request of majority members of the Board** of the FPO.

(4) The Board of Directors shall meet at least once in every quarter.

(5) The meetings of the Board shall normally be held at the registered office of the FPO. In exceptional cases, the meetings of the Board may be held at any other place as decided by the Board but within the area of operation of the FPO.

(6) The meetings of Board shall be presided over by the Chairperson or in his/ her absence by the Vice Chairperson and in the absence of both Chairperson and Vice Chairperson, the Directors present in the meeting shall elect a Chairperson for the Meeting from among themselves.

(7) Seven days clear notice shall ordinarily be necessary for the meeting of the Board of Directors.

(8) The quorum of the Board Meeting shall consist of not less than one third of the total Directors in office.

45. Committees of the Board

(1) The Board may constitute committees and such other sub-committees as may be considered necessary.

(2) The Board may delegate any of its powers to these committees or sub-committees constituted from out of its members or to the Chairperson / Vice-Chairperson or to the Chief Executive or to any other officer of the FPO.

46. Chairperson and vice-chairperson

(1) The members of the Board shall elect from amongst themselves a Chairperson of the FPO and one Vice- Chairperson. The term of the Chairperson and Vice- Chairperson shall be co-terminus with the term for which the Board has been elected. In case of any vacancy within this period, the Board may fill up the vacancy through re-election for the un-expired term of the Board.

(2) The Chairperson or Vice- Chairperson once elected shall continue to hold the office for the term of the Board except when the Board of Directors resolve to remove him / her by a majority of the votes with due notice.

(3) Whenever the Chairperson is obliged to remain absent from office for the reason of being absent from the head quarters of the FPO or due to illness or any other cause, the Vice-Chairperson shall exercise the powers and perform the duties of the Chairperson.

47. Powers and functions of the Chairperson.

The Chairperson shall have the following powers and functions:

- (a) He/ she shall preside over the meetings of the general body, Board and any committee or sub-committee constituted by the Board;
- (b) The Chairperson shall sign the proceedings of the meetings presided over by him/ her;
- (c) In the event of equality of votes on a resolution, the Chairperson shall have an additional casting vote in the meeting;
- (d) He/ she shall convene the meeting of the Board, committees or sub-committee of which he/ she is the Chairperson;
- (e) The Chairperson may delegate any of his/ her powers and functions to the Vice-Chairperson.

48. Minutes of the meeting of Board of directors

The minutes of the meeting of Board shall be recorded in the Minute Book kept for the purpose within seven days of the meeting and the pages of which shall be duly numbered. The Chairperson of the meeting and the Chief Executive of the FPO shall sign the minutes of the meeting so recorded.

49. Chief Executive

(1) The Chief Executive or the Managing Director or Secretary of the FPO (*by whatever name he may be called in the Bye-Laws*), shall be the principal executive officer of the FPO and appointed as a full time paid employee. All other employees of the FPO shall function

and perform their duties under his superintendence and control. He shall be the *ex-officio* member of the Board.

(2) The Chief Executive shall work under the general guidance, superintendence and control of the Board and shall in the conduct of the business exercise following powers, namely:-

- a) to have control over the entire staff of the FPO, with power to fine, suspend or dismiss any employee thereof provided that the powers of dismissal shall be exercised with the prior concurrence of the Board;
- b) to institute, defend and conduct legal proceedings in law courts, and other places, and enter into compromise or arbitration with creditors of the FPO;
- c) to be custodian of the records, common seal and such other property of the FPO as the Board shall commit to his charge.

(3) The Chief Executive shall perform following duties, namely:-

- a) to assist the Board in the formulation of policies, objectives and planning concerning the development of FPO;
- b) to be in constant touch with different authorities, agencies of the Government and institutions for successful implementation of various schemes in the FPO;
- c) to issue notices convening meetings of the general body, Board and of any committee or sub-committee appointed by the Board where he is a member secretary and to attend such meetings;
- d) to record the minutes of all meetings of the general body and the Board, and of any committee or sub-committee appointed by the Board and to sign the same along with the Chairperson of the meeting;
- e) to take action on the resolution and decision taken by the general body and the Board;
- f) to conduct correspondence on behalf of the FPO with the Registrar and other authorities under the Act and the official correspondence of the general body and the Board;
- g) to call a meeting of the general body and Board forthwith in an emergency for carrying on the work of the FPO under the directions of the Chairperson or on a written request of majority members of the Board;
- h) to receive all money on behalf of the FPO and to issue receipts other than receipts likely to create fresh obligations on the part of the FPO in effectual discharge of the money stated to have been received therein;
- i) to pay all costs of management and working expenses out of the funds of the FPO such as salaries of the staff, traveling and other contingent expenses to be incurred in the working of the FPO;
- j) to deposit all money received on behalf of the FPO and securities and other effects as specified under these Bye-Laws;
- k) to maintain proper and accurate records and accounts of the FPO;

- l) to receive application for membership of the FPO and the additional share(s) and place the same before the Board along with his report;
- m) to enroll nominal members;
- n) to receive application(s) for loans and advances and to place the same for consideration before the Board or sub-committee together with a detailed report containing his specific comments/ recommendations;
- o) to maintain all books of accounts, registers and ledgers as may have been specified under the Act and Rules and Bye-laws;
- p) to place, from time to time, before such of its members, or such other authorities as the Board may direct, statements of receipts and disbursements for examination and approval;
- q) to accept deposits of all types and to arrange for issue of receipts, statements and passbook;
- r) to arrange to disburse monies on behalf of the FPO with due authorization of the Board;
- s) to seek orders from the Board for the appointment of staff subordinate to him within the sanctioned strength, selected by the Board on such scale of pay and allowance as may have been fixed by the Board;
- t) to allot work amongst the staff with the approval of Board as per the service rules or standing orders;
- u) to represent the FPO in legal proceeding or to appoint a person to sue or be sued on behalf of the FPO or authorize any officer of the FPO or a specialist to represent the FPO before appropriate authorities with prior approval of the Board;
- v) to take into custody the cash in hand, property of the FPO, both movable and immovable, documents, securities, bonds, etc.; and
- w) to exercise such other powers and perform such other duties as are assigned to him under the Bye-laws or the regulations or delegated to him by the Board or the general body.

Chapter-5: FUNDS

50. Raising of funds

(1) The funds of the FPO may be raised by way of the following means:-

- (i) By issue of shares to members;
- (ii) By admission/ membership fee;
- (iii) By way of loans, cash credits, overdraft from financial Institutions as well as Government;
- (iv) By way of deposits from its members;
- (v) By way of donations, subsidies, grants and help from individuals and/ or Government/ corporate bodies;

- (vi) By way of profits earned during the course of business; and
- (vii) By any other means permitted under the Act and the rules made there under.

51. Maximum borrowing limit

The FPO may receive deposits, raise loans and receive grants from external sources provided the total amount of such loans and deposits shall not exceed twelve times of the subscribed share capital plus accumulated profits or surplus, reserves, building and other funds minus accumulated losses, if any, or any limit fixed by the Registrar from time to time. However, there will be no limit on receiving grants from any source.

52. Disposal of net profit

Subject to the provisions of the Act and the Rules made there under, the general body on the recommendations of the Board may appropriate the net profit as shown in the audited balance sheet of the FPO in the following manner, namely:-

- (a) Not less than 25% of the net profit or such higher proportion as may be prescribed shall be carried to the statutory Reserve Fund;
- (b) Rupees hundred or 3% of its net profit subject to a maximum of Rs. **Fifteen lac** shall be credited to the Co-operative Education Fund administered by the Himachal Pradesh Co-operative Development Federation.

53. Utilization of profit

After making appropriation of net profit under preceding clause, the balance of the net profit may be utilized/ distributed, as dividend among the members or paid a bonus or remuneration to a member or employees for any specific service rendered to the society or spend on the training of the employees or members of the FPO.

54. Education and training

It shall be the endeavour of the FPO to make arrangements for the education and training of its members, management and staff with regard to the objectives, activities and business of the FPO and on cooperative principles, values and identity on regular basis.

55. Investments of funds

- (1) The funds of the FPO shall be applied to achieve one or more of its objectives.
- (2) The funds of the FPO when not utilized in its business shall be invested in accordance with provisions of the Act, the Rules made there under and the Bye-laws.
- (3) The FPO may invest or deposit its funds:
 - (a) in a scheduled Cooperative Bank or Nationalized Bank;
 - (b) in any of the securities specified in section 20 of the Indian Trust Act, 1882 (2 of 1882); or

- (c) in the shares and securities of any other FPO registered under the Co-operative Societies Act; or
- (d) in the share, securities or assets of a subsidiary institution; or
- (e) in such other mode as may be provided in the Act or the Rules made there under and/ or permitted by the Registrar.

56. Reserve Fund

- (1) In addition to the sum specified under the Act, the Rules and the Bye-laws, all admissions fees, entrance fee, nominal membership fee, amount of forfeited dividend and donations, if any, shall be carried to the Reserve Fund;
- (2) The Reserve Fund shall be separately invested in Government and trustee securities or any other approved securities or in fixed deposits with any nationalized or scheduled Co-operative Bank;
- (3) The Reserve Fund, subject to the permission of the Registrar, if any, required under the Act, shall be available for use to meet unforeseen losses by resolution of the general body meeting to cover deficiencies, which may arise from unforeseen losses.
- (4) Any loss occurring as the net result of the year's working shall be recovered from the profits of the next ensuing year or years;

57. Dividend

- (1) The dividend declared shall be paid to the member whose name stands as registered shareholder in the books of the FPO on the last day of the Co-operative year to which the dividend relates.
- (2) Any dividend remaining unclaimed for three years after having been declared may be forfeited by the Board and shall be carried to the Reserve Fund of the FPO.
- (3) Unpaid dividend shall be payable on application provided the same has not been forfeited.
- (4) 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.
- (5) The members shall have no right to the dividend unless declared and approved by the general body. The dividend shall be paid to the members within three months of the approval of the general body.

Chapter-6: AUDIT AND ACCOUNTS

58. Accounts and records

Accounts and records of the FPO shall be maintained in forms specified under the Act, Rules and Bye- laws and approved by the Registrar with such additions as the Board consider necessary. Any farmer producer member may inspect during office hours any of the registers or records of the FPO and personal ledger in so far as it relates to his own business transaction.

59. Audit

(1) The FPO shall be caused to be audited by an auditor at least once in each year as per provisions of the Act.

(2) The FPO shall, at each annual general meeting, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general body meeting and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed:

Provided that such auditor or auditors may be appointed from a panel of auditors approved by the State Government.

(3) Every auditor appointed shall, within thirty days of the receipt from the FPO of the intimation of his appointment, inform the Registrar in writing that he has accepted, or refused to accept, the appointment.

(4) Where at an annual general body meeting no auditors are appointed or re-appointed, the Registrar may appoint a person to fill the vacancy.

(5) First auditor or auditors of the FPO shall be appointed by the Board within one month of the date of registration of the FPO and the auditor or auditors so appointed shall hold office until the conclusion of the first annual general meeting.

(6) (a) The FPO may fill any causal vacancy in the office of an auditor but, while any such vacancy continues, the remaining auditor or auditors, if any, may continue to act:

Provided that where such vacancy is caused by the resignation of an auditor, such casual vacancy shall be filled by the Board subject to ratification by the general meeting.

(b) Any auditor appointed against a causal vacancy shall hold office until the conclusion of the next annual general body meeting.

(7) Any auditor appointed by the FPO may be removed from office before the expiry of his term by the FPO in general meeting.

(8) The remuneration of the auditors shall be paid by the FPO on the rate as fixed by the Registrar under the Act and the rules from time to time.

Bye-laws of the _____ Co-operative Farmer Producer Organization (FPO) Ltd.

60. Returns

The FPO shall file returns within six months of the close of every financial year to the Registrar including the following matters, namely:-

- (a) annual report of its activities;
- (b) its audited statement of accounts;
- (c) plan for surplus disposal as approved by the general body;
- (d) list of amendments to the Bye-laws of the FPO, if any;
- (e) declaration regarding holding of its annual general body meeting and conduct of elections when due; and
- (f) any other information required by the Registrar in pursuance of any of the provisions of the Act.

Chapter-7: MISCELLANEOUS

61. Common seal

The FPO shall have a common seal, which will remain in the custody of the Chief Executive and shall be affixed in the presence of a Director and the Chief Executive as per specified resolution of the Board.

62. Settlement of disputes

(1) Any dispute touching the constitution, election of the Board or its office bearers, conduct of general meetings, management or business of the FPO, if arises, shall be referred by any of the parties to the dispute to the Registrar for adjudication in accordance with the provisions of the Act or the rules made there under.

(2) The limitation period for preferring the disputes shall be as per the provisions of the Act.

63. Services rules

The FPO, subject to the provisions of the Act and the Rules made there under, shall have services rules for regulating the service conditions of its employees as formulated by the Board from time to time.

64. Winding up

The FPO shall be wound up and dissolved only by a general or special order of the Registrar in writing in accordance with the provisions of the Act.

65. Miscellaneous

- (1) No act of the general body or the Board of Directors shall be deemed invalid by reason of any defect in the election of a member thereof or by reason of any vacancy therein not having been filled in.
- (2) If any doubt arises in the interpretation of the Bye-laws of the FPO, the same shall be referred to the Registrar for advice and his decision thereon shall be final.
- (3) The matters which have not been provided for herein shall be decided in accordance with the provision of the Act and the Rules made there under.
- (4) The Board with the approval of the general body may frame regulations not inconsistent with the Act, the Rules framed there under and the Bye-laws for carrying on the work of the FPO and may make amendments therein from time to time.
