

ESTABLISHED :

The 15th February, 1905.

Bye-Laws

of

The Nicholson Cown Bank,
TANJORE.

(Ld.)

Registered
under the
CO-OPERATIVE
SOCIETIES ACT
as an
URBAN BANK.



Amended up to 1st April
1924

THE NICHOLSON TOWN BANK, Ltd.,
TANJORE.

Certificate of Registration.

Ref on G. No. 33 of 1905.

*I register the Society as an Urban
one under Section 6, Clause 2 of India
Act X of 1904.*

(Sd.) P. Rajagopalachariar,

Camp,
Melatur,
9th Feb. 1905.

}

Registrar of Co-operative
Credit Societies,
MADRAS.

THE NICHOLSON TOWN BANK, (Ltd.)

TANJORE.

Board of Directors.

President.

1. M. R. Ry., RAI BAHADUR R. SWAMINATHA VIJAYA
THEVAR, AVL., *Zemindar of Papanad.*

Secretary.

2. „ T. K. VEMBU AIYAR, AVL., B. A., L. T.,
Asst. S. Peter's High School.

Treasurer.

3. „ M. K. RENGACHARIAR AVL., B. A., B. L.,
Vakil.

Legal Adviser.

4. „ K. P. SUBRAMANYA AIYAR AVL., B. A., B. L.,
Vakil.

Auditor.

5. „ R. SUNDARAM AIYAR AVL., B. A., B. L.,
Vakil.

Directors.

6. „ S. MAHADEVA PILLAI AVL.,
Mirasdar.
7. „ T. N. SEETHARAMA PILLAI AVL.,
President 1st Class Bench.
8. „ T. K. NAGARAJA RAO AVL., B. A., L. T.,
Asst. S. Peter's High School.
9. „ M. R. KUPPUSWAMI AIYANGAR AVL.,
B. A., B. L., *Vakil.*
10. „ K. S. SRINIVASA AIYAR AVL., B. A., B. L.,
Vakil.
11. „ A. SIVAKOLUNDU MUDALIAR AVL.,
Retired Tahsildar.

- | | | |
|-----|---|--------------------------------------------------------------------------------------|
| 12. | „ | BAPLA CHAKRAPANI CHETTIAR AVL.,
<i>Mirasdar and Special Magistrate.</i> |
| 13. | „ | K. RAMACHANDRA AIYAR AVL., B. A., B. L.,
<i>Vakil.</i> |
| 14. | „ | G. RAMACHANDRA AIYAR AVL., B. A., B. L.,
<i>Vakil.</i> |
| 15. | „ | S. PANCHAPAKESA AIYAR AVL., B. A., B. L.,
<i>Vakil.</i> |
| 16. | „ | P. V. SEETHARAMA AIYAR AVL., B. A., B. L.,
<i>Vakil.</i> |
| 17. | „ | S. E. MOHOMMED IBRAHIM SAHIB AVL.,
<i>Yarn Merchant & Special Magistrate.</i> |
| 18. | „ | SATHRU SANGARA VADIVEL PILLAI AVL.,
<i>Mirasdar.</i> |
| 19. | „ | T. S. SOMU ROW AVL.,
<i>General Merchant & Special Magistrate.</i> |
| 20. | „ | T. M. C. KUPPUSAMI VANDAYAR AVL.,
<i>Mirasdar and Special Magistrate.</i> |

Office of
The Nicholson Town Bank Ltd.,
TANJORE.
1st April, 1924.

1st April, 1924.

T. K. VEMBU AIYAR.

Secretary.

CONTENTS.

		PAGE.
	Certificate of Registration	i
	Contents	iii
	List of Holidays	iv
	List of Directors in the Board of Management ...	v
SECTION	Name, Address and Organization ...	1
—	Members	1
—	Deposits, Fixed	4
	„ Recurring	5
	„ Current	6
—	Other borrowings	7
—	Management	7
—	General Meetings	9
—	Loans	10
—	Purchase and Trade	15
—	Profits	15
—	Miscellaneous	16



List of Holidays

observed by the

Nicholson Town Bank (Ltd.)

TANJORE.

Every Friday.

New Year's day	...	1	Vinayaka Chathurthi...	1
Bhogi Pandigai	...	1	Mahalaya Amavasai	1
Pongal	...	1	Saraswathi Puja	1
Mahasivarathri	...	1	Vijaya Dasami	1
Telugu New Year's day	1		Deepavali	2
Tamil New Year's day	1		Vaikunta Ekadesi	1
Sapthasthanam			Christmas day	1
(Tiruvadi)	...	1	King's Birth day	1
Sravanam	...	1	Ramjan	1
Gayathri Japam	...	1	Easter Sunday	1
Gokulashtami	...	1	Moharam 10th day	1

There will be no cash transactions after 5-30 p. m.

When the due date for any amount due to or from the Bank falls on a holiday the next working day of the Bank will be considered to be the due date.

Office Hours.

Morning ... 8 to 11.

Evening ... 3 to 6.

Office: — Southern Room,
Clock Tower,
Tanjore.

T. K. VEMBU AIYAR,

Secretary

BYLAWS

O F

THE NICHOLSON TOWN BANK, (LIMITED)

No. 8,

TANJORE.

Name, Address and Organisation.

1. The name and address of the Bank shall be "The Nicholson Town Bank, Limited, No. 8, Tanjore City, Tanjore Post." It is registered as a **Co-operative Society** under Act X of 1904 (India). Its operations shall be confined to the limits of the Tanjore Municipality. Loans may however be granted to members on the security of their immovable property situated in the registration sub-district of Tanjore and within the jurisdiction of the District Munsif of Tanjore.

2. The objects for which the Bank is established are:—

- (1) To receive deposits from members and others,
- (2) To lend money to members at reasonable rates of interest,
- (3) To act as agent for the joint purchase of domestic and other requirements of its members and the joint sale, if any, of their produce and products,
- (4) To purchase and own implements or machinery for hire to its members and
- (5) Generally to encourage thrift, self help and co-operation amongst members.

3. The capital of the Bank shall, for the present, be Rs. 20,000 made up of 20,000 shares of rupee one each. The value of each share shall be paid in full at the time when the share is taken up by the person who takes it.

Members.

4 Any person over 18 years of age and of sound mind residing within the limits of the Tanjore Municipality shall be

eligible to become a member at any time, provided, however, firstly, that no person can claim admission as a matter of right and secondly that no member shall at any time hold more than 200 shares.

5. An entrance fee of half anna per share shall be levied from every member.

6. No member shall be permitted to sell or transfer his share or create a charge in respect of the same in favour of another member or person except with the previous sanction of the Board of Directors.

7. Every member shall, on admission, be supplied with a share certificate and a copy of the bylaws.

8. The liability of the members of the bank shall be limited to the share capital subscribed by them.

9. Applications for admission as members and for allotment of shares shall be made to the Secretary in the form, if any, prescribed for the purpose. Every such application shall be placed before the Board of Directors who shall have power to grant it or reject it without assigning reasons.

10. No member shall be permitted to withdraw any of the shares held by him in the Bank within five years after the date when such shares were taken by him. But a member may, with the consent of the Board of Directors, withdraw after such period, provided, firstly that he has given at least three months notice of withdrawal. secondly, that the total amount of share capital permitted to be withdrawn in any one year does not exceed 20% of the aggregate paid-up share capital of the Bank as it was on the 30th of June preceding, thirdly, that there are no debts due from him to the Bank, and further that there are no debts due to the Bank, in regard to which he has stood surety. When a member withdraws shares under this bylaw, he shall be paid back the share capital actually paid by him, with the dividend declared, if any.

11. Should a member become ineligible for continuance as

a member either on account of the removal of his residence from the limits prescribed in bylaw 4 or for any other cause, the Bank shall remove his name from the list of members and pay back to such member the share capital actually paid by him, with the dividend declared if any, after deducting therefrom the money, if any, due from him to the Bank either as principal debtor or as surety. But a member who has borrowed from the Bank shall not cease to be a member till his loan is cleared, notwithstanding the removal of his residence from the limits prescribed above.

12. (1) If a member dies, his membership shall *ipso facto* cease.

(2) (a) Every member of the Bank may nominate any person to succeed in the event of his death, to his share or interest in the Bank. Such nomination shall, in the event of his death, be given effect to by the Bank provided

(1) the nomination was signed by the deceased in the presence of at least two witnesses attesting the same.

(2) the nomination has been registered in the books of the Bank kept for the purpose; and

(3) the person nominated is, or has been, admitted by the Board of Directors as a member of the Bank under bylaw 9.

(b) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the Bank, the heir or legal representative of the deceased, or any person nominated by such heir or legal representative within one month of the death of the deceased member shall be entitled to succeed thereto, provided, such heir or legal representative or his nominee is, or has been, admitted by the Board of Directors as a member of the Bank under bylaw 9.

(c) In the event of there being no person entitled to succeed under clause (a) or (b) of this bylaw to the share or interest of a deceased member of the Bank, the Bank shall pay to the nominee of the deceased or to his heir or legal representative as the case may be, the sum representing the deceased member's share or interest at the time of his death, ascertained in accordance with the bylaws of the Bank.

13. When a member ceases to be such, or when he has transferred any of his shares, his liability to the extent laid down in bylaw 8, for the debts due by the Bank as they existed on the date when he ceased to be a member or when he transferred any of his shares, as the case may be, shall continue for a period of two years from such date. The estate of a deceased member shall continue liable for the debts of the Bank to the extent mentioned in bylaw 8, for a period of one year from the date of his decease.

14. A member may at any time be permitted by the Board of Directors to increase the number of shares held by him subject to the limit of 200 shares laid down in bylaw 4, and also to sell or transfer any number of his shares.

Deposits.

15. Deposits may, at the discretion of the Board of Directors, be received at any time from members or non-members.

16. Deposits from members, shall be given preference to deposits from non-members.

17. There shall be three classes of deposits :—

(1) Fixed, (2) Recurring and (3) Current deposits.

Fixed Deposits.

18. A fixed deposit is the deposit of a fixed amount of money for a fixed period of time, not less than three months.

19. Interest shall ordinarily be calculated at not more than 7% per annum on fixed deposits. All interest on fixed deposits shall be payable half-yearly, or at such intervals as may have been agreed upon at the time of deposit.

20. Interest on a fixed deposit shall cease on the expiry of the period for which the deposit was made, unless notice in writing of the intention to renew the deposit for a further period of not less than three months has been received in the office of the Bank before the expiry of the original period. The Bank is not, however, bound to renew a fixed deposit after the expiry of the period for which it was made.

Recurring deposits.

21. A recurring deposit is a deposit made by a person who undertakes to pay to the Bank monthly a fixed amount in whole rupees for a period of 12 or 24 or 45 months.

22. A depositor paying one rupee per mensem for a period of 12 months shall before the close of the 13th month receive a sum of Rs. 12-6-0. A depositor paying one rupee per mensem for a period of 24 months shall, before the close of the 25th month, receive a sum of Rs. 25-8-0. A depositor paying one rupee per mensem for a period of 45 months shall, before the close of the 46th month, receive a sum of Rs. 50. But, subject to bylaw 25, all recurring deposits shall be closed on the last day of the 12th, 24th or 45th month, as the case may be. Of these sums, viz., Rs. 12-6-0, Rs. 25-8-0 and Rs. 50, Rs. 12, Rs. 24 and Rs. 45 shall be debited in the accounts as re-payment of principal and Rs. 0-6-0, Rs. 1-8-0 and Rs. 5 as interest thereon.

It shall be competent to a recurring depositor with the consent of the Board of Directors to alter the nature of his recurring deposit to any of the categories of such deposit prescribed in this bylaw.

23. Any person desiring to make a recurring deposit shall apply to the Secretary in the form, if any, prescribed for the purpose. A fee of half anna shall be charged for every rupee recurring deposit at the time of opening the account.

24. Every recurring depositor shall pay his monthly deposit amount on or before the 15th day of the month to which it relates failing which he shall be charged a fine of 2 pies per mensem on every rupee overdue.

25. A recurring depositor may, with the permission of the Board of Directors, and subject to his agreement, if any, under bylaw 51, discontinue the whole or part of his recurring deposit. If a recurring depositor is in arrears to the extent of a sum equivalent to or more than three instalments, his recurring deposit account shall ordinarily be closed. In either case he shall be paid back the principal amount of the recurring deposit discontinued less the penalty and other moneys, if any, due from him. No penal interest shall be charged after intimation to discontinue the recurring deposit is given in writing to the Secretary by the depositor.

The account of a recurring depositor, though in arrears on the date of expiry of the period for which the recurring deposit was undertaken to be made, shall at once be closed, and he shall be paid back the principal amount of the recurring deposit paid and payable by him for that period together with the guaranteed interest due under bylaw 22, after deducting therefrom the arrears of recurring deposit, penal interest, and other moneys, if any, due from the depositor.

A recurring depositor may transfer the whole or any part of his recurring deposit to any other person with the approval of the Board of Directors. A fee of half anna shall be charged for every rupee recurring deposit thus transferred.

Current deposits.

26. The Board of Directors may permit any person to open a current account with the Bank. A current depositor shall not be entitled to withdraw more than Rs. 500 in a week.

27. Interest shall be calculated on current deposits at not more than $2\frac{1}{2}\%$ per annum, on daily balances, such interest being payable *half-yearly* on the 31st December and 30th of June. But if the current depositor closes his account in the course of the year, such interest may be paid at the time of

closing, provided that the depositor who closes his account shall be allowed to renew his deposit.

28. Every depositor shall be supplied for each kind of deposit with a pass-book. If the pass-book is lost, he shall be charged two annas for the supply of a fresh pass-book.

Other borrowings.

29. It shall be competent to the Board of Directors to borrow funds otherwise than by way of deposits either from members or from persons other than members, or from institutions registered under the Indian Companies' Act, or under the Co-operative Societies' Act, provided, however, that the aggregate indebtedness of the Bank to the members and non-members shall not exceed eight times the sum of the Reserve Fund and the paid up Share Capital, and provided also that the interest payable on the borrowed amount shall not, in any case, exceed $8\frac{1}{2}\%$ per annum.

Management.

30. The ultimate authority in all matters relating to the administration of the Bank shall be the general assembly, which shall meet from time to time to conduct the work of the Bank. The management of the affairs of the Bank shall vest in a Board of Directors, consisting of a President, a Secretary, a Treasurer, an Auditor, a Legal Adviser and not more than 15 other members. The members of the Board of Directors shall be elected by the general body for a period of three years from among members holding not less than 100 shares. After a Board is elected by the general body, the members of the Board shall elect by ballot the office-bearers from among themselves.

31. The Board of Directors shall ordinarily meet once a week or oftner, if necessary, to conduct the affairs of the Bank. Seven Directors shall form a quorum. All questions before the Board shall be decided by a majority of votes. Should there be an equality of votes, the President, or other presiding member shall have a casting vote. All questions shall be decided in conformity with Act II of 1912 and these bylaws. Should any

doubt arise as to the construction of the Act or any bylaw or any other matter, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice.

32. In case of urgency, where there may not be sufficient time to convene a meeting of the Board of Directors, and in all cases in which such procedure may, from time to time, be prescribed by the Board of Directors, the Secretary may obtain the orders of the Board by circulating papers among the members present in the town. Should a difference of opinion arise in the course of such circulation, the matter shall be placed before the meeting of the Board of Directors.

33. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the Bank shall have the powers mentioned below :—

- (a) The President shall have a general control over all the affairs of the Bank.
- (b) The Secretary shall be responsible for the executive administration of the Bank. He shall have the custody of all the properties of the Bank. He shall have power to appoint the members of the establishment as well as to fine, suspend, or dismiss them subject to the approval of the Board of Directors. The Secretary shall be the officer to sue or be sued on behalf of the Bank and all bonds in favour of the Bank shall be in the name of the Secretary.
- (c) The Treasurer shall have custody of all moneys, bonds, and valuables of the Bank, which shall be inspected once a month by a Director appointed by the Board of Directors for that purpose.
- (d) The Auditor shall see that the accounts are kept up to date and correctly maintained.
- (e) The Legal Adviser shall prescribe the forms for bonds &c., and advise in all difficult or doubtful cases.

Should any office-bearer require relief from work it shall be competent to the President or the Board of Directors to grant such relief, making suitable arrangements for the conduct of work by one or more of the members of the Board of Directors.

34. Should a member of the Board of Directors absent himself from six consecutive meetings of the Board, he shall cease to be a member of the Board but may be re-elected.

35. Receipts shall be issued for all payments into the Bank by members and non-members, and shall be signed by the head clerk when the amount is not more than Rs. 50 and in other cases shall be countersigned by the Secretary, Treasurer or Auditor

36. Within fifteen days after the close of the co-operative year ending 30th June, the Bank shall prepare (1) a statement showing the receipts and disbursements during the year, (2) a statement showing the assets and liabilities as it stood on the last day of such year and (3) a statement showing the profit and loss as it stood on the last day of the previous year. These three statements shall be submitted to the Registrar without delay. After the Registrar has verified these three statements and granted his audit certificates, the Bank shall publish the statements in a manner approved by the Registrar.

General Meetings.

37. A general meeting of the members may be convened whenever necessary, for the conduct of business, by the President or by the Board of Directors or on the requisition of 15 or more members.

38. The President shall preside at all general meetings of the members. In the absence of the president, the members present may choose a chairman from among themselves. Thirty members shall form a quorum for a general meeting. All questions at a general meeting shall be decided by a majority of votes. Each member present shall have only one vote, and, in case of equality of votes, the President or, in his absence, the presiding member shall have a casting vote.

39. No amendment to, alteration in, or cancellation of a bylaw nor the enactment of a new bylaw shall be made except at a general meeting of the members, and except with the approval of the registrar.

40. The Registrar's certificate of audit shall be placed by the Board of Directors before a general meeting of the members within one month from the date of its receipt.

41. Three days' notice shall ordinarily be given to members before a general meeting is convened.

Loans.

42. It shall be competent for the Board of Directors to grant loans to members, but no member can claim a loan as a matter of right nor can a loan be given to any person who is not a member. It shall also be competent to the Board of Directors to recover a loan granted by the Bank with interest, without waiting for the expiry of the period for which the loan was granted in case it is of opinion that the loan has been misapplied.

43. No member can receive a loan exceeding Rs. 1,000, or be indebted to the Bank at any time by way of principal to the extent of more than Rs. 1,000. Subject to this maximum, a member shall be eligible for a loan not exceeding Rs. 50 for every share held by him. Surety loans shall, on no account, exceed Rs. 500.

44. A member desiring to obtain a loan shall send an application to the Secretary, in the form, if any, prescribed for the purpose. In the case of a loan applied for on the mortgage or pledge of immovable property the application shall be accompanied by the title deeds.

45. Loans under bylaw 46 (1) may be sanctioned by the Secretary on the certificate of the Auditor, or in his absence, of any other Director subject to the confirmation of the Board of Directors at their next meeting. All other loans shall require the previous sanction of the Board of Directors.

(A) Surety loan applications shall be forwarded to two members for report. All immovable property proposed to be mortgaged shall be inspected by two members whose duty will be to submit a report of the valuation of the property and the mortgager's title to it. The applicant for a mortgage loan shall, with his application, pay an estimate fee of half anna for every ten rupees or part thereof that he may apply for, and he shall also provide the surveyors with conveyance. The estimate fee collected under this rule shall be paid to the members acting as surveyors. The fee shall not be refunded whether the loan be sanctioned or not.

(B) Members appointed as surveyors shall, in all cases, be held strictly responsible for the correctness of their reports, estimates and valuations.

(C) It shall be competent to the Board of Directors to reject any report, estimate or valuation made by any surveyor on the basis of information at their disposal. In such a case the Board of Directors may make such arrangements as they may deem fit for a fresh report.

(D) Loans shall be disbursed to a member only after he executes in the form approved by the Board of Directors the necessary documents and delivers them to the Bank. All mortgage bonds shall be registered, and, in case of loans on the pledge of Government pro-notes, they shall be properly endorsed in favour of the Bank.

(E) The borrower shall execute the bond either in the presence of a member of the Board of Directors or any person authorised by the Government to attest judicial proceedings. When a bond is executed by a member, an entry shall be made in the bond register kept in the Bank giving particulars of the borrowers, the loan amount, the date of bond and the place of execution. The correctness of the particulars shall be verified and attested in the register by the Secretary or any other Director.

(F) When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons be members or not.

(G) When a member who has mortgaged a house or a building to the society desires to make any addition, improvements or other alteration to the same, he shall apply to the Board of Directors for permission to do so and he shall not make any alteration before obtaining such permission. Before according sanction the Board may call for a plan showing the alterations proposed and an estimate for the same; and may insist upon security being furnished for the mortgaged amount pending completion of the work. The Board of Directors shall not, in any case, permit an alteration which is likely to reduce the market value of the mortgaged property so as to endanger the security.

(H) From the loan amount, if any, sanctioned to be paid to a member, shall be deducted the moneys, if any, due by him to the Bank in the payment of which he has defaulted.

46. Loans may be granted in the following ways:—

(1) On the security of the deposit, if any, to the credit of the borrower subject to a stoppage of one anna in the rupee irrespective of the limits prescribed in bylaw 43, provided that the entire amount due on the deposit on the date of maturity may be granted as a loan in case the remaining instalments of recurring deposits, if any, and the loan interest that will accrue till the date of maturity are fully prepaid.

(2) On the joint and several responsibility of the borrower and one or more members standing surety or sureties for him.

(3) On the mortgage of unencumbered immovable property otherwise than to the Bank not exceeding 60% of the estimated market value of such property.

(4) On the pledge of Government Promissory notes subject to a reduction of 20 per cent of their market value.

47. In granting loans, preference shall be given to loans on the security of deposits, if any, of the borrower with the Bank. Next in preference shall be the loans applied for by members who have undertaken to subscribe recurring deposits as collateral security. All other loans shall be considered in the order of their applications.

48. A member may stand as surety for other members to

the extent of Rs. 50 for every share held by him subject to a maximum extent of Rs. 500 on all shares held by him.

49. The interest on loans on the security of deposits shall be calculated at a quarter per cent more than the rate of interest allowed on such deposits. Interest on surety loans shall be calculated at 9% per annum; Interest on all other loans shall be calculated at 8% per annum.

All interest shall be payable monthly and the interest on every loan shall be paid on or before the 15th of the month for which it has accrued; provided that, if any loan is disbursed after the 15th of a month, the interest for that month shall be collected on the date of disbursement of the loan. Fraction of a month shall be considered as one month, in calculating interest.

If the interest on a loan due for any month is not paid within the due date, interest for that month shall be collected at $1\frac{1}{2}$ pies per rupee in supercession of the rates mentioned above.

50. The amount borrowed may be repaid at the convenience of the borrower in easy instalments, within the period fixed for the loan, interest after each payment being calculated on the balance of the principal due, provided that no partial repayment shall be accepted other than in whole rupees, and provided also that, when repayment is made during the course of a month, the abatement of interest on account of such repayment shall begin only from the first day of the next month.

51. The period of the repayment of each loan shall be fixed by the Secretary in the cases in which he acts under bylaw 45, and in all other cases by the Board of Directors according to the purpose of the loan, the repaying capacity of the borrower, and the time when money is available to the borrower such as by maturity of his fixed or recurring deposit; but the period of repayment shall not exceed 24 months in the case of surety loans and 45 months in the case of other loans. For the repayment of a loan, the periodical payments, and the number of such periods shall be clearly specified in the bond with a condition that, if the loan is not repaid within due time,

or if the borrower falls in arrears of three successive instalments of principal, interest or the recurring deposit which he undertook to subscribe as collateral security, or if the borrower ceases to be a member of the Bank, the loan account shall be closed, without reference to the term for which the loan has been granted, and the whole amount including interest, penalties, and other charges of notice, etc., if any, less the moneys paid by him, shall be recoverable at once. For overdue instalments of principal, interest shall be charged from the date on which the instalment became overdue till the date of repayment of the same at the rate of 2 pies per rupee, per mensem.

51. (A) When a surety ceases to be a member by death or any other cause, or if the Directors are of opinion that additional surety or security is necessary in any case, the Board of Directors may require the borrower to produce a fresh surety or additional security as the case may be, or to repay the loan within a specified period. If the borrower fails to comply with any of these requirements, the loan account may at once be closed without reference to the term for which the loan has been granted.

52. The amount of paid up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the Bank in respect of any moneys due to the Bank from such member or past member. The Bank shall be at liberty to appropriate the whole or any portion of such paid up share capital or deposit or any other money of the member to the moneys due by the member to the Bank.

53. When a member from whom money is due pays any sum, it shall be appropriated in the following order:—

Firstly:—to fees, penalties, postal, registration and other miscellaneous charges due by him ;

Secondly:—to interest due by him ;

Thirdly:—to recurring deposits, if any, and

Lastly : —to principal.

54. When a loan account is closed by the Board of Directors under bylaws 42, 51 and 51(A), the Board of Directors shall

then inform the borrower of the fact and of the amount outstanding against him including interest up to date of closing the loan account. On the total amount so found due, the borrower shall be charged interest at 2 pies per rupee per mensem from the date of closing the loan account to the date of recovery, and steps shall be taken without delay to recover the amount.

55. The Board of Directors or the Secretary shall be at liberty to cause notice of default in the payment of any money due to the Bank to be served upon the defaulting member, either by the Secretary, or by a Vakil, no fee being charged in either case except the actual postage and registration expenses, if any.

Purchase and Trade.

55. (A) The Board of Directors may purchase wholesale domestic and other requirements of the members; but, in making such a purchase it shall act only as the agent of the members and shall accept no liability for any loss occurring in the transaction. Purchase shall be made only to the extent of the requirements of those members who are able to pay in cash or to whom the Bank is able to give a loan for the purpose. Accounts of these transactions shall be maintained in the form prescribed by the Registrar.

(B) It shall also be competent to the Board of Directors to undertake the joint sale of the finished products or produce of any of its members at their request. But in undertaking such sales it shall accept no liability for loss, and shall act merely as the agent of its members.

Profits.

56. The net profits of the Bank as declared by the Registrar every year shall be divided as follows:—

- (1) 25% for reserve fund.
- (2) 50% as dividend among the members on rolls during the co-operative year, subject to a maximum of 9% per annum on the value of each share.

(3) 25% as honoraria for distribution among the Board of Directors and the office staff in the following proportion :—

- | | | | |
|------------------------------------------------------------------------------------------------------------------------------------|-----|-----|------------------|
| (1) President | ... | ... | One share. |
| (2) Secretary | ... | ... | Ten shares. |
| (3) Treasurer | ... | ... | Six shares. |
| (4) Auditor | ... | ... | Six shares. |
| (5) Legal Adviser | ... | ... | Two shares. |
| (6) Directors including office-bearers proportionate to the number of meetings attended by them during the year. (One share each). | | | } Twenty shares. |
| (7) Office staff (if sanctioned by the Board of Directors). | | | |

Total ... Fifty shares.

(4) Out of the balance, if any, a sum not exceeding $7\frac{1}{2}$ per cent of the net profits for the Common Good Fund such as the maintenance of a reading room and library in the premises of the Bank for the use of its members.

(5) The balance, if any, shall be carried to a building fund which will be utilized for acquiring a suitable building for the Bank.

57. The Reserve Fund shall be one and indivisible. No member shall claim a specified share in it. It belongs to the Bank as a whole. It is intended to meet unforeseen losses. It shall be invested in such manner as the Registrar may, from time to time, prescribe. It shall not be drawn upon except with the sanction of the Registrar. Even if the Bank is dissolved, the Reserve Fund, even if not absorbed by losses, shall not be divided among its members but shall be devoted to some public purposes at the discretion of the general body.

Miscellaneous.

58. If a member deceives the Bank in any way, or if his general conduct is such as to render his removal necessary in the interests of the Bank, it shall be open to the members at a general meeting to expel such a member. The liability of an

expelled member to the extent mentioned in bylaw 8, for the debts due by the Bank as they existed at the time of his expulsion shall continue for a period of two years after such expulsion.

59. A member who drives the Bank, to Court, or one who is declared to be insolvent by a competent Court shall *Ipsa Facto* cease to be a member and shall not be eligible for readmission.

60. The Board of Directors shall have power to prescribe from time to time, the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank. It shall be competent to the Secretary to incur petty contingent expenditure subject to a maximum of rupees three for any item.

61. No voting by *Proxy* shall be allowed either at a general meeting or at a meeting of the Board of Directors.

62. The Bank shall maintain such accounts and registers as are prescribed by Rule 7 under the Act and by the Registrar from time to time.

63. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the office establishment.

64. It shall be competent to the Board of Directors to frame subsidiary rules consistent with the Act, the rules under the Act, and these bylaws to regulate the work of the Bank. Such subsidiary rules shall be entered in the minute book of the Bank, and they shall be reported to the Registrar of Co-operative Societies for approval.

65. Interim vacancies on the Board of Directors may be filled up by the remaining members of the Board for the unexpired portion of the period.

66. The Directors shall continue in office after the expiry of their own term of office until, by election, another Board is constituted.

67. The Board of Directors shall have power to settle the terms in all cases not expressly provided for in these bylaws.

68. For any loss occurring out of the carelessness or indifference in the transactions under bylaw 45, the persons sanctioning the transactions shall be held strictly responsible.

69. If any dispute arises touching the business of the Bank between members or past members of the Bank or persons claiming through a member or past member or between a member or past member or persons so claiming and the Board of Directors, the party or parties concerned may refer the matter in writing to the Registrar. Similarly, in the case of dispute relating to a debt due to the Bank by a member or past member, or persons claiming through a member or past member, a reference in writing may be made by either party to the Registrar. It shall be open to the Registrar to decide the dispute himself, or refer it to an arbitrator or arbitrators as provided in clause 2 of rule 12 framed by Government under Section 43 of the Act II of 1912. The decision or award of the Registrar or arbitrator or arbitrators, as the case may be, shall be final and it shall be presented for execution to the Civil Court having jurisdiction over the Bank.

70. The Board of Directors shall have authority to affiliate the Bank to any co-operative Union (with suitable jurisdiction) that may be registered by the Registrar or that is working in the neighbourhood of the Bank. Towards the expenses of such Union the Bank shall contribute an amount not exceeding 8 annas for every Rs. 100 of its borrowings as they stood on the 30th June last preceding. "Borrowings" in this bylaw shall include (1) borrowings from central societies (2) deposits and loans from members and non-members; but shall not include recurring deposits of its members, current deposits, share capital and reserve fund.

71. In all cases in which money is due from the Bank, no interest subsequent to the due date can be claimed, unless a demand in writing by the party entitled to the money is made for the payment of the sum due. Provided also that when, on account of dispute between parties claiming such money or for

want of heirship certificate or for any other reasonable cause, the Bank withholds payment, no interest shall be claimed on the money so withheld notwithstanding such demand. Subject to the restrictions the Bank shall pay interest at not more than six per cent per annum on all moneys due by it.

72. In all calculations, fractions of a pie shall be treated as a pie in favour of the Bank.

73. Printed forms, pass books and copies of bylaws shall be supplied to the members at a cost which may, from time to time, be fixed by the Board of Directors

TANJORE, }
1—4—1924. }

T. K. VEMBU AIYAR,
Secretary.



