

**Bye-Laws
of
CO-OPERATIVE SUGAR MILLS**

Amended upto 2003



**THE BHOGPUR CO-OP. SUGAR MILLS LTD.,
BHOGPUR (Jalandhar).**

The Bye-Laws of THE BHOGPUR CO-OP. SUGAR MILLS LTD.

Name, Address and Area of operation

1. The name of the Co-operative Society shall be The Bhogpur Co-operative Sugar Mills Ltd.
2. The registered address of the mills shall be The Bhogpur Co-operative Sugar Mills Ltd. Bhogpur (Jal.)
3. The area of operation of the mills shall be whole of Punjab State. However, the business activities may be carried out any where in India & abroad in accordance with the objects of the Mills.

4. Definitions :

In these bye-laws, unless the contents otherwise required.

- (a) "Mills" means The Bhogpur Co-operative Sugar Mills Ltd. Bhogpur.
- (b) "Act" means The Punjab Co-operative Societies Act, 1961 as amended from time to time.
- (c) "Rules" means The Punjab Co-operative Societies Rules, 1963 as amended from time to time.
- (d) "Bye-laws" means The registered bye-laws of The Bhogpur Co-operative Sugar Mills Ltd. Bhogpur.
- (e) "Board" means The Board of Directors of The Bhogpur Co-operative Sugar Mills Ltd. as constituted under bye-laws No. 16.
- (f) "Government" means The Punjab Government.
- (g) "Registrar" means The Registrar Co-operative Societies, Punjab or any officer subordinate to him and vested with the powers of the Registrar.
- (h) "General Manager" means The General Manager of The Bhogpur Co-operative Sugar Mills Ltd.
- (i) "Financing Institutions" means the Central Co-operative Bank, State Co-operative Bank, Industrial Finance Corporation of India,

Industrial Development Bank of India, Industrial Credit and Investment Corporation of India and any other Corporation or Bank providing term loan to the mills.

- (j) "Co-operative year" means the Year beginning with 1st of April and ending on 31st March.
- (k) "Chairman" means Chairman of The Bhogpur Co-operative Sugar Mills Ltd.
- (l) "Sugarfed" means the Punjab State Federation of Co-operative Sugar Mills Ltd., Chandigarh.
- (m) The words of expressions defined in the Act and Rules and used in these bye-laws shall, unless the subject and the contents otherwise require, have meaning as signed to them in the Act and the Rules.

5. **Objects :**

The objects of the Mills shall be to promote the economic interest of its membes and for this purpose to carry on the manufacture of sugar, sugar products and other ancillary products and to make arrangements for their sales and also to take necessary steps and measures for the developemnt of sugarcane and sugar beet. For the purpose of attaining the aforesaid objects, it shall be competent for the Mills :

- (a) (i) To acquire, purchase or take on lease any land to erect or construct on such land, buildings, houses and sheds and other constructions necessary and suitable for the working of the mills and its other ancillary activities and also to carry on other socio-economic activities for the benefit of the members and others in its area.
- (ii) To conduct business of mills in accordance with Act/Rules and Bye-laws and as per advice of Managing Director, Sugarfed and directions issued by the Registrar from time to time.
- (b) To acquire by purchase or otherwise plant and machinery and equipments requisite for efficient working of the Mills and its other ancillary activities.
- (c) To construct residential Quarters, Hospitals, Schools, recreation centres, canteen etc. for the welfare of its employees and their families so as to meet any statuory requirement.

- (d) To purchase Sugarcane/Sugar beet from growers preferably members. To purchase any other raw material on cash or credit required by the mills or by its ancillary units.
- (e) To raise funds in such manner as is prescribed in these bye-laws.
- (f) To sell or make arrangements for selling finished products and other bye-products as manufactured by the mills and by its ancillary units under the advice of Sugarfed.
- (g) To make, accept, endorse and execute promissory notes, bills of exchange and other negotiable instruments.
- (h) To construct and take on rent godowns at the places of manufacture as well as other places for storage of raw materials and the finished products.
- (i) To undertake research and such other development activities for development of sugarcane, sugar beet and ancillary products of sugar, including supply of seed, fertilizers, implements and other production requisites, provision of technical advice regarding the improved cultivation practices on its own or in collaboration with other co-operatives.
- (j) To instal plant and machinery for utilisation of ancillary/bye-products with the approval of Sugarfed.
- (k) To sell or otherwise dispose of the whole or any part of its assets, land, factory building, plant and machinery and stores as is/are not required by the Mills with the prior approval of the Registrar on the recommendation of Sugarfed.
- (l) To undertake supply of quality seed, fertilizers, insecticides, pesticides, weedicides, implements/equipment and other production requisites as per Cane Development Plan of the Mills.
- (m) To undertake subsidiary and allied industries which are conducive to the development and benefit of the Mills and for its members.
- (n) To seek affiliation with the Punjab State Co-operative Sugar Mills Federation Ltd. (Sugarfed) to get professional know-how and also to appoint technical and other personnel on their advice.
- (o) To raise loans from the financial institutions from members and other and to execute documents in favour of the State Government

in respect of guarantees to be furnished to such institutions on behalf of the Mills.

- (p) To undertake survey, research or evaluation studies on sugarcane production on its own or through Sugarfed.
- (q) To undertake advancement of loans to members for Sugarcane/beet production and to undertake recovery of these loans from the members.
- (r) (i) To arrange aerial spray on sugarcane/beet crops in Mills area on payment basis.
(ii) To undertake propagation of sugarcane by adoption of approved packages and practices for better yield of sugarcane/sugar beet.
- (s) To acquire, purchase, take on lease or otherwise take over management, assets and liabilities of any Sugar Factory including there in corporate, private or joint sector as running concern as approved by the Registrar.
- (t) To do such other things as are incidental or conducive to the attainment of all or any of the above objects.

6. **Funds :**

The Mills may raise funds in one or more of the following ways:

- (i) Admission Fee
- (ii) Share capital contribution from members including Government and financing institutions.
- (iii) Loans Government, members, financial institutions and others.
- (iv) Deposits including long term deposits from members deducted out of sale proceeds of their sugarcane/sugar beet, provided that the Mills may frame Rules of regulate and utilise such deposits for meeting the residual capital expenditure, if any under any scheme and even for meeting its liabilities to the financial institutions on account of its outstanding dues. Provided further that the acceptance of deposits from non-members shall be subject to the restrictions, if any, imposed by the Registrar.
- (v) Subsidies and grants in-aid from the Government, Government of India, N.C.D.C. and any other body corporate.
- (vi) Donations from members and non-members including corporate bodies.

- (vii) Accretion to the share redemption fund at the rate not exceeding 1% of the paid up capital of the Mills at the close of the year by direct charge to the profit and loss account of that year.
- (viii) Floating debentures with prior permission of the Registrar.

7. **Membership :**

The membership of the Mills shall be open to the following :

- (i) Persons who join the application for registration.
- (ii) Individuals growing sugarcane/beet.
- (iii) Co-operative Agri. Service Societies/Marketing/Marketing-cum-Processing Societies and Co-operative Banks.
- (iv) Such other Co-operative Societies as are approved by the Registrar.
- (v) Government.
- (vi) Such class or classes of persons or associations of persons as may be notified by the Government in this behalf.
- (vii) Nominal or associated members.

8. (i) No individual shall be admitted as a member unless he :

- (a) has completed 18 years of age and is competent to contract.
- (b) holds land as owner or tenant and is a sugarcane or beet grower ordinarily resident in the area of operation of the Mills.
- (c) makes an application in writing for admission to the Society and has paid an admission fee of Rs. 10/- and in addition the value of atleast one share. In the case of nominal or associate member, the admission fee shall be Rs. 50/- Such admission shall be subject to the approval of the Board.

(ii) No member shall be admitted within 14 days prior to the date of annual general meeting.

(iii) No Co-operative Society or Association or any other body corporate shall be admitted to the membership unless :

- (a) It has paid an admission fee of Rs. 10/- and has paid value of atleast one share.
- (b) has submitted an application in writing for membership along with a resolution of its Managing Committee and such application has been approved by the Board.

- (iv) Subject to the provisions of the Act and Rules an appeal shall lie to the Registrar against the decision of the Board rejecting an application for membership and the order of the Registrar shall be final.

9. **(1) Cessation From Membership :**

- (i) A member may resign/withdraw from the membership of the Mills after giving a notice of three months to the General Manager. But his/its resignation/withdrawal shall only be accepted when arrangements for the transfer of his/its share (s) is/are made to any other person eligible for membership. But where the Mills has created a share redemption fund, the Board may keeping in view the overall interest of the mills in view allow withdrawal of share, except for those membes who are indebted to the Mills provided that withdrawal of share at any time shall not exceed five percent of the aggregate paid up share capital of the society, excluding Government share capital as it stood at the end of proceeding financial year. A person cease to be member from the date of acceptance of the resignation/withdrawal by the Board subject to any condition as may be laid down by the Board and only if he/it has discharged fully any other liability due to the Mills.
- (ii) An individual shall cease to be a member :
- (a) On death or
 - (b) On expulsion from the mills
 - (c) On the transfer of share/shares standing in his name or
 - (d) On acceptance of his resignation from the membership of the mills by the Board.
- (iii) A member society/institutional shall cease to be a member of the mills :
- (a) On ceasing to a body corporate or
 - (b) On expulsion from the Mills or
 - (c) On transfer of all shares held by it.
- (2) A member may be expelled from the membership of the Mills for any or all of the following reasons after he has been given one month's notice by registered post of such intention by the

Board and his explanation has been duly considered by the Board if he :

- (a) is a persistent defaulter or
- (b) Commits an act prejudicial to the interest of the mills and its Management or
- (c) is declared bankrupt or
- (d) is convicted of any offence involving dishonesty or moral turpitude or
- (e) Fails to carry out the obligations and duties imposed upon him under these bye-laws or
- (f) If he ceases to hold land as owner or tenant and ceases to be a Sugarcane/Beet growers and ceases to fulfill any of the qualification for membership as prescribed in Bye-law No. 8. Any person expelled from the membership of the mills may appeal to the Registrar, in accordance with the provisions of the Act.

10. Share Capital :

- (i)
 - (a) The authorised share capital of the mills having capacity of less than 1250 TCD shall be Rs. 10.00 (Ten) Crores.
 - (b) Having capacity of 1250 to 2249 TCD shall be Rs. 15.00 (Fifteen) Crores.
 - (c) Having capacity of 2250 to 3499 TCD shall be Rs. 25.00 (Twenty Five) Crores.
 - (d) Having capacity of 3500 to 4999 TCD shall be Rs. 30.00 (Thirty) Crores.
 - (e) Having capacity of 5000 TCD and above shall be Rs. 35.00 (Thirty Five) Crores.
- (ii) The value of each share shall be Rs. 1000/- payable in lump-sum at the time of admission or by instalments as may be approved by the Board. No individual member shall hold shares exceeding 1/10th of the share capital of the mills or have or claim any interest in the shares of the mills exceeding Rs. 50,000/- whichever is less. The share capital collected from the growers members would be linked to their acreage under sugarcane as per decision of the Board from time to time.

- (iii) Application for allotment of shares shall be made to the General Manager in the form prescribed by the mills.
- (iv) The share certificate bearing a distinct number of the seal of the Mills, signed by the General Manager and one other Director shall be issued by the mills in token of shares having been purchased by a member.
- (v) Share can only be transferred with the previous sanction of the Board to a member or a person eligible to become a member of the mills and on making an application in writing for admission to the membership of the mills. Provided that it shall be within the right of the mills to retire the share capital of Government or/each of financing institution or Co-op. Bank or any other Co-op. Society out of the share Redemption Fund in accordance with the terms and conditions of such investment in the share. Provided further that the mills may redeem the share capital contribution by the State Government only after the amortisation of the long term loans raised from the financing institutions.
- (vi) Every individual member shall nominate a person to whom in the event of his death, his share shall be transferred. But no member may nominate more than one person unless he holds more than one share and unless the amount payable to such nominee by way of shares or by fixed proportion of the amount payable for transfer, as the case may be, is duly specified, when, the nomination is made, by making his signature or thumb impression in the register of members or such approved form as shall form part of the register of the member.
- (vii) The share held by the deceased member may be transferred to his heir or legal representative provided he is duly admitted as a member of the mills.
- (viii) In the case of share capital contributed by the Govt. the mills shall, if so required, by the Govt. issue only one certificate indicating the number of shares purchased/alloted to the Govt.
- (ix) The Board may forfeit the partly paid-up value of the shares held by a member, if he fails to make good the call made there upon within 6 months from the date, provided that no forfeiture

shall be made unless the members has been given notice and opportunity of being heard.

- (x) No member shall exercise any right or privilege of a member, unless he has paid all calls, for the time being due from him on every share held by him or if he is a defaulter of any sum due on any account from him or if he commits any breach of the provisions of the bye-laws or if he fails to carry out the agreement relating to the supply of sugarcane/beet to the society.

11. Liability :

The liability of the members for meeting any deficit in the assets of the Mills, in the event of its being wound up, shall be limited to the share capital actually subscribed by him.

12. Maximum Borrowing Limit :

The maximum borrowing limit of the mills shall as recommended by the Board and as approved by Registrar.

13. General Body :

1. The meeting of General Body of the mills shall be convened by the General Manager in pursuance with the resolution of the Board. The General Body meeting shall be convened once in a year.
2. The General Body of the mills shall comprise of :
 - (i) All the individual members of the mills.
 - (ii) The representatives of member Co-op. Societies duly authorised by their Managing Committees.
 - (iii) Nominees of the Government if Govt. has subscribed to the share capital of the mills.
 - (iv) Registrar, Co-op. Societies Punjab or his nominee.

14. Powers And Functions :

The following among other matters shall be dealt by the General Body in its meeting :

- (i) To consider the annual report and statement of accounts of the mills as presented by the Board.
- (ii) To consider annual audited statement of accounts.
- (iii) To consider inspection notes of the Registrar or any other officer subordinate to him and duly authorised by him.

- (iv) To approve or modify the annual programme prepared by the Board.
- (v) To elect members of the Board in accordance with the provisions of Act and Rules.
- (vi) To consider distribution of annual net profit.
- (vii) To amend/repeal the registered bye-laws of the Mill subject to prior approval of the Registrar.
- (viii) To consider any other matter laid before it by the Board including the recommendation of the Board under bye-law 20 (V-A).

14-A Meetings :

- (i) The General Meeting shall be called by the General Manager on the direction of the Board. A special general meeting of the Mills shall be called by the Board/G.M. on receipt of the requisition from 1/5th of the total members or as required by the Registrar suo-moto in accordance with the provisions of the Act and the Rules.
- (ii) A fifteen days clear notice shall be given in writing to all the members for the General meeting specifying the date, time and place fixed for holding of the meeting and shall also state the nature of business to be transacted in that meeting. Besides, such notice shall be published in local daily newspapers having wide circulation in the area of operation of the Mills.
- (iii) Quorum for the general meeting or special general meeting shall be 500 members or 1/4th of the total members whichever is less on the date of the notice for the meeting. If at a general meeting or special general meeting, there is no quorum within one hour of the time fixed for the meeting, It shall be adjourned and fresh general meeting, as the case may be, shall be reconvened after giving due notice. If at reconvened meeting also there is no quorum within one hour of the time fixed for the meeting then at the end of one hour members present shall constitute the quorum. Each member shall have one vote irrespective of number of shares held by him.
- v) All questions in the general meeting shall be decided by the

majority of members present and voting. In case of equality of votes, the Chairman shall have a casting vote.

- (v) The Chairman of the Mills shall preside over the general meeting. In the absence of the Chairman, Vice Chairman shall preside over the general meeting. In the absence of both of them, the members present at the meeting shall elect the Chairman for the meeting from amongst themselves.
- (vi) The preceeding of the general body meeting shall be recorded in the proceedings book by the General Manager and shall be signed by the Chairman and the General Manager.

15. Amendment of Bye-laws :

No amendment to these bye-laws shall be carried out unless a resolution is passed in the general body meeting of the Mills of which due notice of the intention to discuss the amendment has been given.

- (i) Provided that no such resolution shall be valid unless it is passed by a majority of members present at the General Meeting at which not less than 2/3rd of the members for the time being of the Society are present.
- (ii) Provided further that amendment previously approved by the Registrar may be adopted by a simple majority at an ordinary meeting of the general body.
- (iii) The amendments shall come into force after these are registered by the Registrar.

16. Board of Directors :

- (a) The Board shall consist of the following :
 - (i) Five Directors to be elected from amongst the individual members.
 - (ii) Two Directors to be elected from amongst the members Co-operative Societies.
 - (iii) One nominee of the financing institutions providing term loan to the Mills till the loan is repaid in full.
 - (iv) Three Director to be nominated by the State Govt. as provided in the Act.
 - (v) Registrar or his nominee.
 - (vi) General Manager of the Mills.

(b) The term of office of the elected Board shall be five years from the date of its election. The Board shall elect a Chairman and a Vice Chairman from amongst its elected members. The term of Chairman and Vice Chairman shall be conterminus with the term of the Board, provided that the elected Chairman or/and elected Vice Chairman can be removed by a vote of non-confidence through a resolution passed by 2/3rd majority of the total elected members of the Board. New Chairman and/or Vice Chairman shall be elected for the remaining term of the Board. The nominated members shall have no right to vote in the elections or removal of the Chairman/Vice Chairman. Notwithstanding anything contained in these bye-laws the First Board including its Chairman, consisting of not more than 9 members shall be nominated by the Registrar for a period of one year extendable upto three years. The Registrar shall have the powers to make such changes in the nominated Board as he may consider necessary from time to time. No mid term change shall be made during any of the extended period. The nominated Board shall arrange for the election of new Board before the expiry of 90 days of their term in accordance with these bye-laws, Act and Rules framed thereunder.

No person shall be eligible for being elected to the Board of the Mills after he has served on the Board for two continuous terms, unless a period of not less than one term has expired since he last so served.

17. No member of the Board shall be present in a meeting at the time when any matter in which he is personally interested is being discussed.
18. (a) No person shall be eligible for election as a member of the Board of the Mills if he :
- (i) is below 21 years of age, or
 - (ii) is a paid employee of the Mills, or the financing institution or any other body corporate, or Govt. or
 - (iii) has applied for in-solvency or is declared insolvent, or
 - (iv) is of unsound mind, or

- (v) is in default in the payment of any debt due to the mills for a period exceeding one month from the date on which the payment fell due, or
 - (vi) holds any office of profit under the Mills or receives any honorarium, or
 - (vii) is in arrears of shares, or
 - (viii) he incurs any of the disqualifications specified in the Act and Rules, or
 - (ix) has not been a registered cane grower for the preceeding two years or since implementation of registered cane growers scheme if the scheme is implemented after wards and has not continuously supplied 85% of the quota fixed of/bonded sugarcane/beet during two crushing seasons preceeding the date of election to the Board provided that if Mills have not crushed any sugarcane/beet during the last two years or part thereof, the provisions of this clause shall be taken note of accordingly.
- (b) An elected member of Board shall cease to hold office if he:
- (i) is subject to any disqualifications mentioned in the Act, the Rules and the bye-laws.
 - (ii) Absent in three consecutive meetings of the Board without leave of absence having been granted by the Board in this respect. However, before taking any action under this bye-laws, the Director concerned shall be given an opportunity by the Board to be heard.
 - (iii) ceases to be a Director of the Society of which he is a representative.
 - (iv) resigns and his resignation has been accepted by the Board.

19. Meeting of the Board :

- (a) The Board shall meet once in three months or as and when required.
- (b) The meeting of the Board shall be convened by the General Manager of the Mills. A fifteen days clear notice shall be given for the meeting of the Board of Directors unless prior permission of the Registrar is obtained for calling the meeting at a shorter

- notice. The quorum for the meeting of the Board shall be 1/3 of the total members of the Board, provided that atleast two elected members must be present in such meeting.
- (c) Three or 1/3rd of the total members of the Board whichever is less may in writing requisite a special meeting of the Board by giving one month clear notice to the Chairman/General Manager and may propose items for agenda to be considered in such a meeting. On receipt of the requisition the Chairman/General Manager shall convene a meeting of the Board. If he fails to do so within seven days of the receipt of such a notice, the Registrar on the application of the signatories of the requisition may summon a meeting of the Board after giving due notice to all the members of the Board. The Registrar may, on his own motion, at any time summon a meeting of the Board.
 - (d) The Chairman of the Board, in his absence, the Vice-Chairman shall preside over the meeting of the Board. In the absence of the Chairman and the Vice-Chairman the Directors present in the meeting shall elect the Chairman for the meeting from amongst themselves.
 - (e) All matters in the meeting of the Board shall be decided by a majority of votes. In the event of equality of votes, the Chairman shall have an additional casting vote. The proceedings of the meeting of the Board shall be recorded in the Proceeding Book and shall be signed by the Chairman and General Manager.

20. Powers and Duties of The Board :

In addition to such powers as may be conferred by the General Body, the Board shall lay down policies and programme for the working of the Mills and in order to achieve this object in particular, the Board shall have the following powers and duties :

- (i) To elect the Chairman and the Vice-Chairman.
- (ii) To admit members and allot shares.
- (iii) To approve annual and supplementary budget.
- (iv) To authorise the General Manager to convene the General Body Meeting and fix date, time, place and prepare agenda for the said meeting.

- (v) To recommend to the General Body distribution of profits in accordance with the Act, Rules framed thereunder and these byelaws in consultation with sugarfed subject to the prior approval of the Registrar.
 - (a) To recommend to the General Body deductions from the cane price paid to members, such deductions to be made on voluntary basis may be used for health, education service and for the development of the co-operatives for the benefit of the area falling within the area of operation of the Mills.
 - (b) Payment of additional cane price, freight and patronage bonus etc, subject to prior approval of Registrar as recommended by Sugarfed.
- (vi) To decide all matters relating to withdrawal, transfer and forfeiture of shares.
- (vii) To decide all matters pertaining to borrowings, lendings and investments of funds.
- (viii) To approve Rules and regulations for the conduct of day-to-day business and administration of the mills subject to prior approval of the Registrar as recommended by sugarfed.
- (ix) To authorise the person or persons to sign on behalf of the Mills all bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents in the absence of General Manager.
- (x) To create the abolish posts and to lay down the strength of various, categories of staff including permanent, seasonal, temporary casual and adhoc etc. required for running of the Mills as recommended by sugarfed, subject to the approval of the Registrar.
- (xi) To frame service rules of the staff in respect of their pay, allowances and service conditions subject to prior approval of the Registrar as recommended by sugarfed.
- (xii) To appoint the General Manager subject to the approval of the Registrar if none is appointed under Common Cadre Rules or the Act.

- (xiii) To delegate all or any of its powers except these exclusively vested with the General Manager by these bye-laws to the General Manager or any other officer of the Mills.
- (xiv) To write of assets and losses in consultation with sugarfed subject to the prior approval of the Registrar.
- (xv) To get prepared and lay before the annual general meeting the profit and loss account and audited balance sheets.
- (xvi) To purchase or to take on lease land, building.
- (xvii) To sanction investment on fixed assets, land, building, plant and machinery etc. required for the business of the Mills in consultation with Sugarfed.
- (xviii) To acquire, purchase take on lease or otherwise take over any sugar factory as approved by the Registrar.
- (xix) To appoint trustee or trustees, attorney or attorney's agent or agents for the business of the Mills.
- (xx) To approve sugarcane/beet production programme in consultation with Sugarfed.
- (xxi) To approve programme of purchase of raw material, stocks, stores and spares in consultation with Sugarfed.
- (xxii) To select managerial, administrative, technical and financial personnel with basic pay of Rs. 1500/- and above, other than those borne on Common Cadre, as and when a vacancy arises as per the strength fixed by the Registrar.

20. (a) (i) The Board may from time to time, constitute its smaller committees not more than two committees at a time for discharging any specific functions of the Board subject to the provision of the bye-laws, Act and Rules. Such Committees shall consist of five members provided further that General Manager and Registrar or his nominee on the Board shall be the member of such a smaller committees. In case of difference of opinion between the General Manager/Registrar or his nominee and the remaining members of the Committee the matter shall be placed before the Board whose decision shall be taken as per the provision of Act, Rules and bye-laws.

(ii) The matter resolved in the meeting of the Board as per agenda or in its sub-committee including marking of attendance shall be recorded in the proceeding book and shall be signed by Chairman and the General Manager. To exercise right of casting vote in the event of equality of votes on any issue in a meeting of the Board/General Body.

(iii) At least seven days clear notice shall be necessary for convening the meeting of such committee (s) provided that a meeting may be called at shorter notice with the prior permission of the Registrar in accordance with the Rules. The committee may elect its Chairman who shall preside over all its meetings. In the absence of the Chairman, one of the members present in the meeting shall preside over the meeting of such committee (s) and decision shall be by majority of votes. Any three members shall form the quorum for such meetings. Such Committee (s) shall work under the overall superintendence and control of the Board.

(b) The members of the Board shall exercise due prudence and be jointly or severally responsible for making good any loss which the Mills may suffer due to grave negligence or deliberate acts of omission/commission in the matter, of performing of any of the duties and functions assigned to them under these bye-laws and also under the Act and Rules framed there under.

(c) The Chairman of Sugar Mills shall have the following powers :

(i) To preside over the meetings of the Board and General Body. However in the absence of Chairman that power/function shall be exercised/performed by Vice-Chairman or as provided in the Act/Rules/Bye-laws.

(ii) To exercise right of casting vote in the event of equality of votes on any issue in a meeting of the Board/General Body.

(iii) To sign the proceedings of the meetings of the Board/General Body.

- (iv) To have a right to seek information from General Manager relating to performance of the Mills and its functions.

21. General Manager :

The General Manager shall be the whole time Chief Executive Officer of the Mills. He shall have all the powers and duties to run the business and administration of Sugar Mills. All the employees in the Mills shall exercise their powers and perform their duties under his administrative superintendence and control.

22. The General manager shall have the following powers and responsibilities :

- (i) To have a general control over the administration of the Mills.
- (ii) To convene the meetings of the general body on the direction of the Board.
- (iii) To convene the meetings of the Board and committee (s), if any, appointed by the Board.
- (iv) To be responsible for the general conduct, supervision and management of the day-to-day business and affairs of the Mills.
- (v) To receive all money and securities on behalf of the Mills and to make arrangement for the proper maintenance and custody of cash balance and other property of the Mills.
- (vi) To endorse, transfer, promissory notes, Govt. other negotiable instruments on behalf of the Mills.
- (vii) To sign all deposit, receipts and operate all the accounts of the Mills jointly with another officer of the Mills as authorised by the Board.
- (viii) To be the officer of the Mills to sue or to be sued on behalf of the Mills and sign all bonds and agreements in favour or on behalf of the Mills.
- (ix) To determine powers, duties and responsibilities of the employees of the Mills.
- (x) To delegate all or any of the powers, authorities and discretions vested in him to any employee or employees of the Mills subject to the ultimate control and authority being retained by him.
- (xi) To maintain or cause to be maintained proper accounts of the Mills.

- (xii) To keep a watch on the realisation of the moneys due to the Mills.
- (xiii) Subject to the regulations to be framed by the Board to enter into negotiations and contracts and make such notes deeds and things in the name and on behalf of the Mills in relation to any of the matter aforesaid or otherwise for the purpose of the Mills.
- (xiv) To ensure the safety of the property, documents, cash, insurance etc. of the Mills.
- (xv) To incur contingent expenditure within the overall provision of the budget approved by the Board.
- (xvi) To take prompt action for the rectification of Audit and inspection notes and to put up such notes together with their rectification reports before the Board.
- (xvii) To appoint, suspend, dismiss or otherwise punish employees of the Mills, other than those covered under the Punjab State Co-operative Sugar Mills Service (Common Cadre) Rules, 1981 in accordance with the Service Rules.
- (xviii) To submit to the Board a monthly operational statement of income and expenditure and monthly trial balance.
- (xix) To draw Sugarcane or beet production programme for the approval of the Board.
- (xx) To submit monthly/annual returns to the Registrar in the proforma prescribed by him.
- (xxi) To condemn and write off movable assets which have become obsolete or damaged due to wear and tear and are irreparable.
- (xxii) To conduct all purchases of other raw material, stocks, stores and spares necessary for the Mills and to make advance payment where necessary. Provided that bulk purchases of stocks, stores and spares shall be made through Sugarfed.
- (xxiii) To conduct contingent purchase of machinery and other replacements in emergent cases.
- (xxiv) Invest surplus funds of the Mills.

23. The Board shall in consultation with Sugarfed have the power to approve a production programme of sugarcane or sugar beet within the area of operation of the Mills and assign such production plan to

grower members. Member shall enter into a contract to give the sugarcane/beet according to the programme and deliver the same to the Mills at such rate and at such place as may be agreed to. The variety wise delivery and schedule shall also be indicated in the contract or may be changed by the Mills as per its production arrangements provided that the Mills shall notify such change to the member/grower a week earlier. Any member/grower shall be liable to pay the Mills a penalty at the rate provided in the agreement/contract executed by him.

24. The Mills shall be bound to take the entire bonded Sugarcane/beet or part thereof on prorated basis upto the average covered by the grower members. In case of failure to do so, the Mills shall compensate the members at the rate agreed to or determined by the Registrar.

The Board shall at the commencement of the crushing season fix an initial price for sugarcane /beet supplied to the Mills, in accordance with a formula determined by the State Federation of Co-operative Sugar Mills in consultation with the sugar Mills and Registrar. Final payment shall be made at the end of the crushing season.

25. If any member fails to bring the sugarcane/beet as asked for by the mills in accordance with the production programme sent to him the Board shall have the power to forfeit his share/s and he shall be liable to make good the loss to the Mills on account of his default.

26. The Mills shall be competent to deduct any dues recoverable from the members on account of services rendered by it out of the sale proceeds of the sugarcane/beet supplied to it.

27. In order to get sufficient raw material for running the Mills upto full capacity, the Board may purchase sugarcane/beet from non-members to the extent it may be required, considering the capacity and finance available with the Mills.

28. Distribution of Profits :

The net profit of the Mills as per audited balance sheet shall be allocated in the manner prescribed below:

- (i) (a) 25% shall be carried to Reserve Fund.
- (b) Not more than 5% or as determined by Registrar shall be contributed to Co-operative Education Fund.

(ii) Remaining amount may be allocated to any one or more purpose detailed below :

- (a) Dividend on shares @ not exceeding 20% on the value of paid up shares.
- (b) After one tenth of the net profit has been carried to Reserve fund contribute an amount not exceeding 5% of the remaining net profit toward Co-operative Development Fund which shall be utilised on the directions of the Registrar.
- (c) Common good fund.
- (d) Contingent fund to meet any contingent liabilities arising out of taxes or otherwise.
- (e) Building Fund.
- (f) Rebate to members in proportion to the purchase of sugarcane/beet made from them.
- (g) Price fluctuation fund.
- (h) Research and Development Fund.

(i) Any surplus which remain un-distributed may be carried over to reserve fund or to the profits of the next year.

- 30. The mills shall have a common seal and the General Manager shall provide for the safe custody thereof. The common seal shall not be affixed to any instrument except by the authority of General Manager.
- 31. The services of the members of the Board of Directors except the General Manager shall be honorary but they may be paid travelling and daily allowance on a scale approved by the Registrar. Payment of honorarium will disqualify a Director.
- 32. In the conduct of the affairs of the Mills the Board, General Manager and employees of the Mills shall exercise due prudence and diligence of any ordinary man of business.

Miscellaneous :

- 33. The accounts of the Mills shall be audited atleast once a year by the person appointed by the competent authority under the Act and Mills shall pay such audit fee as may be assessed from time to time, by the authority competent to do so.

34. The reserve fund of the Mills shall be indivisible and no member shall be entitled to claim a specified share in it. It shall be invested and utilised in such a manner as provided in the Act and Rules.
35. Should any doubt arise with regard to the interpretation of these bye-laws, the matter shall be referred to the Registrar whose decision shall be final.
36. The Mills shall maintain such accounts and other records connected with accounts and such form and manner as may be directed by the authority specified in the statutory Rules framed under the Act.
37. The Mills shall distribute bonus to its employees in accordance with the provisions of the payment of Bonus Act, 1965.
38. All disputes relating to the business of the Mills shall be disposed off in the manner provided in the Act and The Rules framed thereunder.
39. In the event of the Mills being wound up under the provisions of the Act and The Rules, the surplus money, if any, may be distributed either amongst the members in accordance with their shares or by depositing the same with the Central Co-op. Bank concerned and will be utilised for the purposes of development of the Co-op. activities.

Note : Bye-Laws of the Mills previously approved by The Registrar, Cooperative Societies, Pb. amended upto 2003.

