

## **PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED BYE-LAWS 2010**

1. **Short title, address and area of operation.**– (1) These bye-laws may be cited as the Punjab Provincial Cooperative Bank Limited Bye-laws 2010.

(2) The registered office of the Bank shall be at Lahore.

(3) Address of the registered head office of the Bank shall be the Punjab Provincial Cooperative Bank Limited, Shahrah-e-Quaid-e-Azam, Lahore.

(4) The area of operation of the Bank shall extend to the whole of the Province of the Punjab.

2. **Definitions.**– In these bye-laws:

(a) **“Act”** means the Cooperative Societies Act 1925 (VII of 1925);

(b) **“Bank”** means the Punjab Provincial Cooperative Bank Limited, a society registered under the Act;

(c) **“Board of Directors”** means the Board of Directors of the Bank;

(d) **“Chairman”** means the Chairman of the Board of Directors and the Registrar shall be the Chairman of the Board of Directors;

(e) **“district delegate”** means a representative of the member societies of a district elected in accordance with the bye-laws and shall be member of the General Body of the Bank;

(f) **“Director”** means a member of the Board of Directors;

(g) **“Division”** means an administrative area declared as Division by the Government;

(h) **“election rules”** mean the Punjab Provincial Cooperative Bank Limited (Board of Directors’ Election) Rules 2010;

(i) **“Government”** means the Government of the Punjab;

- (j) “**member society**” means a cooperative society admitted as member of the Bank in accordance with the bye-laws;
- (k) “**month**” means a calendar month;
- (l) “**President**” means the President of the Bank, appointed by the Board of Directors under the bye-laws;
- (m) “**region**” means an area consisting of two or more Zones, declared as region by the Board of Directors for the purpose of regional meetings and election of members of the Board of Directors from amongst the district delegates of the general body at the ratio of one Director from every region;
- (n) “**Registrar**” means the Registrar, Cooperatives Societies, Punjab appointed under the Act;
- (o) “**rules**” means the Cooperative Societies Rules, 1927; and
- (p) “**Zone**” means an administrative area declared as Zone by the Board of Directors to manage, supervise and control branch operations.

(2) Until the Board of Directors declares otherwise, all the member societies and their district delegates to general body elected in district meetings are grouped in following three regions:

- (a) **Region-1** consisting of Lahore, Gujranwala and Rawalpindi Zones;
- (b) **Region-2** consisting of Sargodha, Faisalabad and Dera Ghazi Khan Zones; and
- (c) **Region-3** consisting of Bahawalpur and Multan Zones.

(3) A word or expression used in these Bye-laws but not defined shall have the same meaning as assigned to it in the Act or rules.

**3. Objects of the Bank.**– The Bank shall–

- (a) facilitate the working of member societies;
- (b) carry on banking and credit business;

- (c) accept deposits of money and other funds from the public, repayable on demand or otherwise, and withdrawal by cheque, drafts, order or otherwise, for the purpose of lending or investment;
- (d) borrow or raise money;
- (e) lend or advance money either upon or without security to member societies and any other person in such manner as may be necessary;
- (f) serve as a balancing centre for cooperative societies in its area of operations;
- (g) take measures designed to improve the working and thereby the usefulness of the member societies;
- (h) inspect, supervise and estimate credit of member societies and any other person;
- (i) purchase, sell, transfer, endorse, pledge or otherwise negotiate securities of the Government, Government of Pakistan, promissory notes, bonds, municipal and port trusts bonds, debentures, shares and other securities specified under section 37 of the Act for legitimate investment of surplus funds of the Bank or for the members or depositors without incurring any financial responsibility and to draw return thereon and to do other things incidental to such business;
- (j) act as agents for the Government or public bodies or member societies and their members or any other bank with the previous sanction of the Registrar;
- (k) receive for safe custody securities, documents and ornaments upon such terms as may be fixed by the Board of Directors or any office-bears or officers authorized by the Board of Directors;
- (l) establish, support, or aid in establishment funds, trusts and conveniences calculated to benefit employees or ex-employees of the Bank or the dependents and grant pensions;

- (m) advance loans and overdrafts to the members of the staff of the Bank, against sufficient securities acceptable to the Bank, in accordance with the rules framed in this behalf by the Bank and approved by the Registrar;
- (n) grant loans and overdrafts to depositors of the Bank against their fixed deposits;
- (o) acquire, sell, mortgage or lease lands and buildings, and build structures, godowns and houses for its own use or for those of its member societies;
- (p) manage, sell and realize any property which may come into the possession of the bank in satisfaction or part satisfaction of any of its claims;
- (q) provide educational assistance and training to members of the member societies or staff of the Bank or of the member societies;
- (r) afford financial assistance including donations to co-operative societies and institutions engaged in promoting the cause of co-operative movement and co-operative education and training;
- (s) open branches, sub-branches, sales & service centers and booths and to transact business, with the permission of the regulators, so as to provide banking services to the public;
- (t) grant and issue letters of credit and travellers' cheques;
- (u) collect and transmit money and securities;
- (v) negotiate loans and advances;
- (w) carry on and transact every kind of guarantee and indemnity business;
- (x) use computer or other electronic systems or delivery channels for banking products and services;
- (y) enter into participation arrangement(s) with any other bank or banks or financial institutions with the object of making loans and advances;

- (z) acquire, manage and undertake the whole or part of business of any other cooperative society;
- (za) help the growth of the co-operative movement; and
- (zb) do all such other things as may be incidental or conducive to the above objects or any of them, and to the promotion or advancement of the business of the Bank.

4. **Share capital.**– The authorized share capital of the Bank shall consist of an unlimited number of shares of the value of one hundred rupees, each payable on application.

5. **Working capital.**– The working capital may be composed of–

- (a) share capital;
- (b) deposits;
- (c) loans debentures, if any;
- (a) loan; and
- (b) grants or grants-in-aid.

6. **Membership.**– The following shall be members of the Bank–

- (a) cooperative societies admitted as members in accordance with these bye-laws;
- (b) Registrar and two non-official professionals nominated by the Registrar without holding shares or incurring any liability;
- (c) Government; on such terms and conditions as the Board of Directors may accept for admitting it as member but it shall have representatives as provided in clause (b) above; and
- (d) President; without holding shares or incurring any liability.

7. **Admission of members.**– (1) Every member society shall purchase at least one share of the Bank, payable on admission or when applying for admission, a cooperative society shall state the number of shares it wishes to subscribe and pay the full value of shares so subscribed:

Provided that no member society shall have the right to send its representative to attend the meetings of the Bank until it has purchased required number of shares as prescribed under these rules:

Provided further that no member society shall be entitled to send any representative to attend the Regional Meeting (for the purpose of election) or General Meeting if it defaulted in repayment of loan granted to it by the Bank.

(2) Members other than those referred to in the bye-law 6 (b) shall be admitted by the Board of Directors.

(3) Application for admission shall be made on the prescribed form and such application shall form part of register of members of the Bank.

**8. Termination of membership.**– (1) A member society shall cease to be a member of the Bank if–

- (a) the Registrar has ordered its winding up under the Act, or
- (b) has transferred all the shares held by it; or
- (c) it is expelled by atleast two third majority in a General Meeting at which not less than half district delegates of representatives of member societies were present and voted; or
- (d) it withdraws after six months' notice to the management of the Bank, provided that the withdrawing member society is not in debt to the Bank (notice of withdrawal must be signed by atleast three members of the Committee of the withdrawing member society and shall be accompanied by a certified copy of the resolution, sanctioning the proposed withdrawal).

(2) A nominated professional member shall cease to be a member of the Bank, if his nomination is revoked by the Registrar.

(3) The Board of Directors may expel a member society for–

- (a) failure to pay its loan installment consecutively for three years;

- (a) any action which may be held by the Board of Directors to be contrary to the stated objects of the Bank or to the interest of the co-operative movement.

**9. Liability.**— The Liability of each member of the Bank shall be limited to the value of the shares subscribed.

**10. Deposits and borrowings.**— (1) The Bank may receive deposits, raise loans and carry on such banking business as the Board of Directors may authorize.

(2) The Bank may arrange loans, overdrafts or cash credits with any bank approved by the Registrar, with power to deposit bonds possessed by member societies, if required as collateral security, or deposit Government, trustee and other securities or shares belonging to the Bank or member societies.

(3) The Bank may borrow or raise money by issue of debentures founded or based upon all or any of the property and assets of the Bank and upon such other terms as the Bank thinks fit.

(4) The Bank may, for the purpose of securing the payment of any debentures or for the payment with return of any money raised on debentures, make or carry into effect any arrangement or agreement with the Government on consideration of their guaranteeing the payment of principal and return due under the debentures and on such terms and conditions as the Bank may deem expedient.

(5) Every agreement or deed of trust to be executed by the Bank for issue of debentures and every debenture issued by the Bank for raising money shall be under the seal of the Bank and signed by at least two Directors and any officer of the Bank duly authorized in this behalf by the Board of Directors.

(6) A register of debentures shall be kept by the Bank, in which shall be entered the class of debentures, the number and date of every such debenture and the names of the parties thereto and all other necessary particulars.

(7) The Bank may make rules and regulations for transfer of debentures.

**11. Share certificate.**— (1) The Bank shall issue certificates for the shares issued by it to its members.

(2) Such certificates shall be issued under the common seal of the Bank specifying share or shares held by them.

(3) The share certificates shall be signed by the President and any officer of the Bank authorized for the purpose by the Board of Directors.

(4) If such certificates are lost or worn out they may be renewed on the applicant's executing an indemnity bond and on payment of a fee of five rupees per share certificate.

**12. Transfer of shares.**– (1) Shares can be transferred with the approval of the Board of Directors from one member to another or to a non-member eligible for admission as member of the Bank and whom the Board of Directors admits as a member of the Bank.

(2) Transfers of shares must be registered in the Bank's books and transfers not so registered will not be recognized.

(3) A transfer fee of five rupees per share certificate will be charged.

**13. Return of share amount.**– In the even of cessation of membership of a member society, the amount of shares shall be refunded to the society or the liquidator, after deduction of Bank's dues, if any.

**14. General Body.**– (1) Subject to the provisions of the Act and rules, the supreme authority of the Bank shall vest in the General Body.

(2) The General Body shall consist of–

(a) ex-officio members of the Bank;

(b) nominated professional members of the Bank; and

(c) district delegates elected in the district meetings of member societies.

**15. General Meeting.**– (1) The General Meeting shall be of two kinds, Annual General Meeting and Special General Meeting.

(2) The Annual General Meeting shall be held within the period of three months after the date fixed by the rules for making up the accounts of the Bank for the year. Annual General Meeting may be called by the Board of Directors.



(3) A Special General Meeting may be called at any time by the majority of the Board of Directors or on a written requisition made to the Chairman by one-fifth of member societies or at the instance of the Registrar and shall be called within one month.

(4) The functions of General Meeting shall be those as prescribed under bye-law 16 and the business of a Special General Meeting shall be that as stated in the notice of requisition.

**16. Functions of General Meeting.**– The functions of the General Meeting shall be–

- (a) to receive and consider the audit report, annual report and the statements of accounts prepared by the Board of Directors, to review the work of the Bank during the past year, and to approve the annual budget subject to final sanction of the Registrar, provided that the approval of the General Meeting shall be considered final if the Registrar does not accord sanction within fifteen days of the date of receipt of budget;
- (b) to declare dividends and allocate net profits;
- (c) to elect, suspend and remove the Directors except the ex-officio and nominated Directors;
- (d) to fix subject to the approval of the Registrar, the maximum amount of liability which may be incurred by the Bank during the next year;
- (e) to take notice of all subjects which affect the financial position of the Bank and to pass resolutions with regard to them;
- (f) to amend, abrogate and revise bye-laws according to the provisions of the Act and rules; and
- (g) to determine rates of traveling allowances and daily allowances to be paid to the Chairman, Directors and members of the Sub-Committees residing outside the place of meetings or conferences.

**17. Notice of General Meetings.**– (1) Notices of a General Meeting mentioning the place, date and hour of the meeting and the business to be transacted thereat, shall be, in accordance with the decision of the Board of Directors or the President or the Registrar, issued by post at the last registered address of each member; or published in three local newspapers atleast thirty days before the date of the meeting.

(2) Thirty days shall count from the date on which the notice appears in the press and in case of notice issued by post exclusive of the date of posting.

**18. Agenda.**– Proposals touching the business of the General Meeting, received from members of the Bank in the Bank's Office at least twenty five days before the date of the meeting, shall be included in the agenda of the meeting. Any matter not on agenda may be considered at the meeting with the permission of the person presiding excepting those relating to amendment of bye-laws or expulsion of members.

**19. Quorum for General Meeting.**– The quorum for the General Meeting shall be atleast one fifth of the total persons eligible to attend the General Meeting.

**20. Absence of quorum of an Annual General Meeting and dissolution of a Special General Meeting.**– (1) In the absence of quorum within one and half hour after the time fixed for holding of a General Meeting, the eligible persons present and entitled to vote shall form the quorum.

(2) If, within one and half hour after the time fixed for holding a Special General Meeting, convened on requisition by member societies, a quorum is not present, the meeting shall be dissolved.

**21. Presiding the General Meeting.**– The Chairman shall preside over the General Meeting and, in his absence, the Director duly nominated by the Chairman or the senior (in age) non-executive Director shall chair the meeting.

**22. Voting.**– (1) Each person eligible to attend the General Meeting shall be entitled to one vote only.

(2) When the votes are equal, the person presiding the meeting shall have a casting vote.

(3) On all questions the decision of the majority shall be final unless otherwise provided for in the bye-laws, Act and rules.

**23. Minutes.**– Proceedings of the Annual or Special General Meeting shall be recorded in a book kept for the purpose and signed by the person who presided the meeting and confirmed at the subsequent meeting under the signatures of the Chairman.

**24. Tenure of General Body.**– The district delegates shall form General Body of the Bank for three years and shall attend Regional Meetings and General Meetings held during that period.

**25. District Meeting.**– (1) To elect district delegates to the General Meeting of the Bank, District Meeting of member societies shall be held as and when necessary.

(2) Every member society of the district shall be eligible to attend such meetings through a duly elected representative, who shall be its member.

(3) Every member society shall have one vote, irrespective of number of shares held by it.

(4) At these meetings district delegates for the General Meeting of the Bank shall be elected at the rate of one for every fifty member societies or a part thereof.

**26. Election of district delegates.**– The election of district delegates in the district meetings shall be held under rules and regulations to be framed by the Board of Directors and approved by the Registrar.

**27. Convening the District Meeting.**– Every District Convener shall convene the District Meeting and preside over the same.

**28. Notice of District Meeting.**– The election of district delegates for the purpose of these bye-laws shall be undertaken in the District Meeting of member societies held on the date, times and place to be notified atleast one week before the holding of the District Meeting by the Convener.

**29. Agenda of District Meetings.**– The District Meeting shall discuss the agenda and conduct the business in accordance with these bye-laws.

**30. Quorum.**– (1) The quorum for the District Meeting shall be one fifth of the member societies belonging to that district.

(2) In the absence of quorum within one and half hour after the time fixed for holding of a District Meeting, the eligible persons present and entitled to vote shall form the quorum.

**31. Minutes of District Meetings.**– The Convener of the District Meeting shall be responsible for the custody and maintenance of the proceedings book of the District Meetings.

**32. Board of Directors.**– (1) The Board of Directors shall consist of–

- (a) Registrar, who shall be its Chairman;
- (b) President;
- (c) two non-official professionals nominated by the Registrar under bye-law 6(b); and
- (d) three elected members, who is qualified to be elected as Director under the election rules.

(2) Nothing shall invalidate the constitution of the Board of Directors if as a result of operation of the bye-law 7(1) or any other reason, a member society is not represented at the District Meeting or a region is not represented on the Board of Directors.

**33. Term of Board of Directors.**– (1) The terms of the Board of Directors shall be three years and on the expiry of the period, all the elected Directors shall automatically stand retired subject to the extension, if any, of the period under bye-law 34.

(2) A retiring or retired Director may be re-elected but no Director shall hold office for more than two consecutive terms.

**34. Extension of tenure and Administrator.**– (1) If election is not held within the prescribed period the entire Board of Directors shall automatically stand dissolved, unless the Registrar for reasons to be recorded in writing extends the period of all the Directors and election shall be made afresh irrespective of their tenure.

(2) In case whole Board ceases to exist the Registrar shall have the powers to appoint an administrator who shall have all the powers and duties of the Board of Directors and shall arrange to hold the General Meeting and election of new Board of Directors within ninety days of taking over, unless the

period is extended by Registrar, for specific reasons to be recorded in the order itself, and shall cease to hold his office when the new Board of Directors is elected.

**35. Co-opted Director.**– The Board of Directors may co-opt a Director to fill a vacancy occurring during the year till the next General Meeting, provided that such Director was a district delegate for the last General Meeting of the Bank.

**36. Eligibility criteria and disqualifications.**– (1) **Eligibility criteria:** A person shall not be eligible to become the Director, unless he–

- (a) is a district delegate in case of elected Director under bye-law 32(d);
- (b) has attained the age of twenty five years; and
- (c) fulfils the fit and proper test prescribed for Directors by the State Bank of Pakistan through BPD Circular No.13 of 2004 dated 17 March 2004 or any other subsequent circular on the subject issued by the State Bank of Pakistan.

(2) **Disqualifications:** A person shall be disqualified to be a validly nominated candidate or to remain as an elected Director, if he suffers from any of the following disqualifications:

- (a) he is declared as un-discharged insolvent by the competent forum or court;
- (b) he is declared as a person of unsound mind by the competent court;
- (c) he fails to attend three consecutive meetings of the Board of Directors without reasonable excuse and without approval of the Board of Directors;
- (d) he ceases to be representative of a member society or the society he represents ceases to be a member of the Bank;
- (e) he is relative of any employee of the Bank within the meanings of rule 55 of the Cooperative Societies Rules, 1927;

- (f) he is interested directly or indirectly in any contract or employment with or under or by or on behalf of the Bank;
- (g) he has been convicted of an offence involving moral turpitude or dishonesty;
- (h) the society he represents is a defaulter to the Bank;
- (i) the cooperative society he represents is classified as class C or class D society;
- (j) he is a borrower or defaulter of the member society he represents;
- (k) he is a defaulter regarding his personal loans or loans due from any of his dependents to the Bank or the society he represents;
- (l) he or any of his dependents owe any loan to the society above the maximum limits duly sanctioned by the society;
- (m) he is a surety or a guarantor of any defaulter to the Bank;
- (n) he has remained a member of the Board of Directors for more than two consecutive terms;
- (o) the society, he represents, does not hold shares of the Bank of the paid up value of at least five thousand rupees;
- (p) he represents the society which stands superseded under rule 48 of the Cooperative Societies Rules, 1927; and
- (q) he is a salaried employee of any Government or any body or authority owned or controlled by any Government unless permitted in writing by the Government.

**Explanation.**— The word “defaulter” for the purpose of this bye-law shall mean a person who has failed to pay the debt or installment on the date specified in the bond or any other instrument evidencing the loan but if a person who clears the debt on or before the submission of his nomination papers shall not be treated as defaulter.

**37. Powers and duties of the Board of Directors.**— (1) The general superintendence and direction of the affairs and business of the Bank and

overall policy making in respect of its operations shall vest in the Board of Directors which may exercise all such powers and do all such acts, deeds and things which are in the interest, welfare and promotion of the Bank.

- (2) The powers and duties of the Board of Directors shall be—
- (a) to approve and monitor the objectives, strategies and overall business plans and to oversee that the affairs of the Bank are carried out prudently within the framework of Act, rules, these bye-laws and other relevant applicable laws;
  - (b) to supervise the maintenance of accounts of all moneys received and paid;
  - (c) to allow opening of accounts in the name of the Bank with the State Bank of Pakistan or such other banks or financial institutions subject to the approval of the Registrar;
  - (d) to supervise the maintenance of account of the assets and liabilities of the Bank;
  - (e) to approve and ensure implementation of policies, including but not limited to, in areas of risk management, credit, treasury & investment, internal control system and audit, information technology security, human resource, expenditure, accounting & disclosure, and any other operational area which the Board of Directors may deem appropriate;
  - (f) to supervise the maintenance of up to date record of member societies;
  - (g) to consider applications for membership, allotment and transfer of shares;
  - (h) to fix limits for advances and guarantees to various member societies and individuals with the general permission of the Registrar;
  - (i) to prepare annual budget of the Bank for approval of General Meeting;

- (j) to decide the terms, periods and the rates of mark-up at which loans and guarantees are to be given and to arrange for the recovery of loans and guarantees and mark-up;
- (k) to allow acceptance of deposit of all kinds and types, and to decide the terms, period and the rates of mark-up at which deposits are to be received and to arrange for their payment or return of deposits;
- (l) to enter into arrangements for the raising of loans, to enhance other capital as resolved in General Meeting and to pledge the Bank's assets for such purposes;
- (m) to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the Bank or its committee or officers or employees, concerning the affairs of the Bank, through any member or officer or employee of the Bank;
- (n) to examine the accounts and to sanction requisite expenditure;
- (o) to summon General Meeting under bye-law 15;
- (p) to facilitate annual audit and to prepare and submit to the General Meeting the annual report and audited balance-sheet;
- (q) to appoint, subject to the recommendation of the President, management executives and other staff as may be considered necessary for the conduct of Bank's business;
- (r) to fix the salaries, total strength and terms of service of the staff of the Bank;
- (s) to form committees with well-defined objectives, authorities and tenure on its behalf;
- (t) to ensure existence of an effective Management Information System to remain fully conversant of the activities, operating performance and financial condition of the Bank, the environment in which it operates, the various



risks it is exposed to and to evaluate performance of the management of the Bank at regular intervals;

- (u) to purchase, sell, transfer, endorse, pledge or otherwise negotiate securities of the Government, Government of Pakistan, promissory notes, bonds, securities, debentures, shares and other securities specified under section 37 of the Act for legitimate investment of surplus funds of the Bank and to draw return thereon and to do other things incidental to such business;
- (v) to fix terms and conditions, to receive for safe custody and to re-pledge securities and other valuable and to authorize any office bearers or officers of the Bank in this behalf;
- (w) to lay the procedure and manner in which the capital of the Bank may be increased or reduced;
- (x) to decide the terms, period and the rates of mark-up at which loans and advances to staff are to be made and recovered and to frame rules in this behalf subject to the approval of the Registrar;
- (y) to grant loans and overdrafts to depositors of the Bank against their fixed deposits;
- (z) to sanction financial assistance including donation to Cooperative Societies and Institutions engaged in promoting cause of Cooperative Movement and Cooperative Training and Education;
- (za) to draw, accept, endorse, discount, buy, sell bills of exchange and other instruments;
- (zb) to buy, acquire, hire, lease or sell lands and buildings to build structures, godowns and houses for its own use or those of its member societies;
- (zc) to ensure that the work of the Bank is carried out in accordance with its objects and to exercise such powers or take appropriate actions;

- (zd) to hear appeals against the orders and decision of the management of the Bank or the authorities or committees;
- (ze) to grant power-of-attorney to any responsible officer of the Bank;
- (zf) to appoint the President for efficient conduct of Bank's business, who meets all the qualifications prescribed for a Director under the election rules, for a term not less than two years on such terms and conditions specifically prescribed for the post on the recommendation of the Registrar and to approve service contract of the person so appointed;
- (zg) to approve powers and duties of the President and to periodically review the performance of the Bank;
- (zh) to frame subsidiary rules or policies relating to the affairs of the Bank;
- (zi) the Board of Directors shall prudently conduct affairs of the Bank and shall be responsible for any loss caused by negligence or any willful act;
- (zj) to decide the terms of purchase and sale of agricultural and industrial requirements and produce;
- (zk) to arrange for internal audit, external audit and to facilitate State Bank of Pakistan in inspection of the Bank;
- (zl) to arrange compliance of internal audit, external audit or State Bank of Pakistan's inspection reports;
- (zm) to frame and amend service rules of the employees of the Bank to govern, administer and regulate their services, subject to the approval of the Registrar;
- (zn) to approve and decide matters of urgent importance in the absence of the General Meeting;
- (zo) to allow opening of branches, sub-branches, sales & service centers and booths;

- (zp) to enter into participation arrangement(s) with any other bank or banks or financial institutions with the object of making loans and advances;
- (zq) to acquire, manage and undertake the whole or part of business of any other cooperative society;
- (zr) to consider payment of compensation, advance rent or long-term advance with or without security for the purpose of securing premises of the Bank's offices on lease or tenancy basis;
- (zs) to approve agency arrangements and to decide terms and conditions thereof; and
- (zt) to establish and support the provident fund scheme for the benefit of employees.

**38. Delegation of powers.**— For proper and efficient conduct of the Bank's business and affairs, the Board of Directors may delegate, without delegating its policy-making powers, all or any of its powers to the Chairman, President, an executive officer, other officer or official of the Bank singly or jointly or a Sub-Committee appointed by the Board of Directors.

**39. Indemnity.**— (1) Every Director shall be indemnified by the Bank against all losses and expense incurred by him in the discharge of his duties except such as are caused by his own willful act or default.

(2) A Director shall not be personally responsible for the acts of any officer or official of the Bank for any loss or expense resulting to the Bank by reason of the insufficiency or deficiency in the value of any asset or property, or security acquired or taken on behalf of the Bank or by wrongful act of any person under a liability to the Bank, or by anything done by him in good faith in the execution of the duties of his office.

**40. Meeting of the Board of Directors.**— (1) A meeting of the Board of Directors shall be convened by the Chairman, by giving seven clear days notice to the Directors, except in case of an emergent meeting.

(2) An emergent meeting of the Board of Director may be convened by its Chairman on three days notice.

(3) On receipt of requisition by atleast three members of the Board, the Chairman shall convene a meeting of the Board of Directors within fifteen days from the date of receipt of such requisition.

(4) Three Directors shall constitute quorum for a meeting of the Board of Directors.

(5) The Chairman shall preside the meeting of the Board of Directors and, in his absence, the Director nominated by the Chairman or the senior (in age) non-executive Director shall chair the meeting.

(6) In the event of equality of votes, the person presiding the meeting shall have the casting vote.

**41. Minutes of the Board meetings.**– (1) All business discussed or decided at a meeting of Board of Directors shall be recorded in the proceedings book which shall be signed by the person presiding the meeting and shall contain the names of those present.

(2) Where these bye-laws invest the Board of Directors with any powers and these powers have not been delegated under bye-law 38, the signatures of any two Directors and the President shall be sufficient on any document which may has to be signed in pursuance of any resolution of the Board of Directors.

**42. Management of the Bank.**– Under the overall supervision, control and administration of the President, the management of the Bank shall run day-to-day affairs and operations of the Bank strictly in accordance with the objectives, strategies, plans, rules, policies and regulations approved by the General Body or the Board of Directors, the Act, rules and regulations or instructions of the State Bank of Pakistan.

**43. Regional Committee.**– (1) There shall be a Regional Committee consisting of district delegates from the region who shall hold regional meetings to elect Directors on regional basis, as and when required.

(2) Subject to the election rules, the district delegates from the region shall be eligible to contest election of Directors.

**44. Election rules to apply.**– The regional meeting for the election of the Directors shall be held in the manner and in accordance with the election rules or any rules and regulations framed by the Board of Directors and approved by the Registrar.

**45. Inspection of member societies.**– (1) Inspection of member societies may be made whenever the Board of Directors think fit, for guidance and advice.

(2) The inspection and examination of the member societies may be made in accordance with the rules framed by the Board of Directors.

(3) If the Board of Directors is of the opinion that the working of a member society is unsound or unsatisfactory and requires remedial measures, it may instruct the member society to take such steps or measures for the removal of the defects as pointed out in the instructions.

**46. Duties of member societies.**– Every member society shall–

- (a) submit to the Bank such statements and reports as may be prescribed; and
- (b) send representatives for the District Meetings of the Bank, when required.

**47. Loans and advances.**– The Bank may grant loans and advances to a member society or any other person.

**48. Advances to member societies.**– (1) Advances may be allowed by the Bank to member societies or any other person in the following shape–

- (a) loans and overdrafts;
- (b) bills purchased; and
- (c) cash credits, against–
  - (i) pledge and re-pledge of gold or silver;
  - (ii) pledge and re-pledge of gilt-edged securities and postal, defence saving certificates and bonds;
  - (iii) pledge of fixed deposits;
  - (iv) pledge and re-pledge of shares and debentures of companies or corporations or debentures of local bodies specially approved by the Registrar;

- (v) pledge and re-pledge of life insurance policies duly assigned in favour of the Bank;
- (vi) pledge and re-pledge of securities specified in section 20 of the Trust Act, 1882 and section 37 of the Act;
- (vii) pledge and re-pledge of agricultural product, agricultural land and other immovable property; and
- (viii) pledge and re-pledge of raw materials, semi-finished goods, finished goods and machinery.

(2) The Board of Directors shall frame detailed rules for various kinds of loans with the approval of the Registrar.

**49. Conditions for obtaining loans.**– (1) Member societies may get loans or obtain cash credits from the Bank at the discretion of the Board of Directors.

(2) Applications for loans or cash credits shall be made in such form as may be prescribed by the Board of Directors.

**50. Rate of mark-up.**– The Board of Directors shall determine the rate of mark-up on loans, overdrafts and cash credits.

**51. Repayment of loans etc.**– (1) The Board of Directors may fix time for repayment of loans, overdrafts and cash credits as it may deem appropriate considering the nature of loans and advances.

(2) The Board of Directors may grant extension of time in repayment period of loans and advances not exceeding three years in deserving cases.

(3) If a borrower fails to repay mark-up or any installment of principal on the due date and if the Board of Directors does not grant an extension of time, the whole loan shall become immediately payable irrespective of any condition on which the loan was made.

(4) The Board of Directors may consider any proposal for restructuring, rescheduling, and may write off or remit any bad or doubtful loan or advance, and approve policy for settlement of such loans and advances.

**52. Effect of cessation of membership.**– Any sum outstanding against a member-society which has ceased to be a member of the Bank, shall

become immediately repayable irrespective of any conditions on which loan or cash credit was granted.

**53. Adjustment of repayments.**– (1) All repayments made by the borrowers shall be appropriated by the Bank towards charges, if any, interest/ mark-up and the balance towards the principal, respectively.

(2) However, in case of over due loan, the Board of Directors may waive the condition of recovery of interest/ mark-up before the principal amount.

**54. Security by staff.**– Every person holding any office and specially touching the receipt or charge of moneys and property of the Bank shall, before entering on the execution of his office, furnish such security as the Board of Directors may require and is approved by the Registrar, for rendering a full and true account of all moneys received or paid by him on account of the Bank.

**55. Deposits rules.**– The Board of Directors may frame rules regarding conditions for opening, maintaining and managing deposits; current, savings, fixed and other similar accounts, and rates of return on which deposits may be accepted or withdrawn.

**56. Auditors.**– The accounts of the Bank shall be audited by an auditor appointed by the Board of Directors with the concurrence of Registrar and the Bank shall pay audit fee and allied charges.

**57. Appropriation of profits.**– (1) The business of the Bank shall close every year on the 30th day of June.

(2) The net profit for a financial year shall be appropriated towards reserves and funds subject to provisions of the Act, rules and other relevant applicable laws, and at least one-quarter of the net profit shall be carried to the reserve fund.

(3) The reminder of such profits, and of any profits of past years available for distribution, may be applied as follows–

- (a) to the payment of a dividend as permissible under the law;
- (b) to the formation of a depreciation fund, bad and doubtful debts fund, building fund or fund for the equalization of the dividends;

- (c) not more than ten percent to any purpose referred to in Section 42 of the Act, and approved by the Registrar, namely, relief of the poor, education, medical relief and the advancement for any other object of general public utility except one relating exclusively to religious teachings or worship, or to a common good fund to be devoted to any of these purposes; and
- (d) to create, support or aid employees' Pension Fund Trust which shall arrange payment of monthly pension and commutation of pension to the retired employees of the Bank.

**58. General.**– (1) One copy of the annual audited balance sheet shall be supplied free of cost to all member societies.

(2) Copies of bye-laws shall be supplied free of cost to the district delegates, if it is so desired by them.

**59. Amendments.**– Amendments of the bye-laws shall be carried out in accordance with the provisions of the Act and rules.

**60. Liquidation.**– (1) The Bank shall be liquidated only by order of the Registrar in accordance with the provisions of the Act.

(2) Such portion of the surplus assets of the Bank, as may remain after payment of all liabilities, shall be applied to such local object of public utility as may be selected by the Board of Directors and approved by the Registrar.

**61. Powers and duties of Chairman.**– The powers and duties of the Chairman shall be–

- (a) to preside over the meetings of the General Body, Board of Directors and any Committee or Sub-Committee if so appointed by the Board of Directors;
- (b) to supervise the general working of the Bank; and
- (c) to exercise such powers specifically delegated upon him by the Board of Directors in connection with supervision of general working of the Bank.