

Duties Responsibilities of Directors

Sec. 70 – Investment of Funds

Society shall make investment in following modes.

- a) In D.C.C. Bank or State Co-op. Bank having 'A' audit classification in last 3 consecutive years.
- b) In purchase of shares of socy. having similar classification.
- c) In state Govt. & Central Govt. securities.
- d) In any other mode permitted by Govt.
- e) Govt. has given permission to invest in R.R.B., Nationalize bank & Urban Co-op bank having a'A' Audit Classification in last 3 years consecutive.

If a committee of socy. fails to invest funds in manner required by Sec. 70, it is an offence u/s 146 (c) and punishable with fine upto Rs. 5000 u/s 147 (c).

75(2) : A Committee shall lay before every AGM

- ▶ Statement of loans alongwith outstanding and overdue given to BOD, firm, Company in which director is interred and to his family.
- ▶ Annual report of activities.
- ▶ Plan for disposal of surplus.
- ▶ List of amendment of bylaws.
- ▶ Audit report and R.R.
- ▶ Annual budget.
- ▶ Date of election when due.

- ▶ **75(2A)** Socy. shall appoint auditor from panel approved by S. Govt. for current financial year and file return to the Registrar name of auditor and his written consent within 30 days from date of AGM.
- ▶ **75(4)** At AGM audited B/S, P & L, Audit report of previous year, RR of earlier audit and committee's report shall be placed for adoption.
- ▶ If committee or any officer fails to comply with Sec. 75 (2) (2A) (3) (4), it is an offence u/s 146(f) and punishable wth fine up to Rs. 5000/-

- ▶ **Rule 61: Committee of every socy. shall prepare Fianancial statements within 45 days from the close of financial year and submit them to the auditor appointed within 15 days.**
- ▶ **Sec.31 BR Act B/S and P & L A/c together with Auditor's report shall be published in prescribed manner and three copies thereof shall be submitted to RBI within 3 months from close of year.**
- ▶ **Sec. 79 Returns**
- ▶ **1A – Socy. Shall furnish following return within 6 months from the close of financial year to the registrar.**
 - i) Annual report of Activities
 - ii) Audited statement of accounts.
 - iii) Plan for disposal of surplus.
 - iv) Date of AGM and Conduct of election when due.
 - v) Amendment of Bylaws.
- ▶ **1B – Society shall submit in form of return the name of auditor and his written consent within 30 days from the date of AGM.**

- ▶ Rule 19: Application for Membership shall be approved by committee.
- ▶ Sec. 73 (1) – The management of every socy shall vest in a committee constituted in accordance with this Act, Rules and byelaws.
- ▶ 73 (1AB) Members of committee shall be jointly and severally responsible for all decisions taken by committee. Members of committee shall be jointly and severally responsible for all acts and ommission detrimental to interest of society. The provision relating to execution of Bond is removed by MCS Amend Act 2013 (w.e.f.14/02/2013).

- ▶ Before fixing responsibility, Registrar shall after inspecting records decide as to whether the losses incurred by society are on account of acts or Omission on part of member of committee or on account of natural calamities, accident or any circumstances beyond control of committee members.
- ▶ Any committee member (director) who doesnot agree with any of the resolution of decision of BOD, may express his dissenting opinion which shall be recorded in proceeding of meeting and such member shall not be held responsible for that decision.

- ▶ Such dissenting member, if he desires, may communicate in writing his dissenting note to the Registrar within **15 days** from the date of said Resolutions from date of confirmation of said resolution (previously he has to intimate within 7 days) w.e.f. 14/2/13 – 15 days vide MCS Amend Act 2013.
- ▶ Any member who is not present in the meeting in which business is transacted and who has not subsequently confirmed the proceedings, such member is not responsible for any business transacted in that meeting.

Sec. 73 A :

No person shall at the same time be or continue to be designated officer of more than one socy. falling in category I or II or III and shall not be or continue to be D.O. in more than two societies in aggregate in three categories.

- ▶ **Category I) Socy.** – area of operation extends to whole of state.
- ▶ **Category II) Socy.** – area of operation doesnot extend to whole of state but

a) Extend to atleast one whole dist. irrespective of authorized share capital.

b) Extend partly to one or more dists and authorized share cap. is more than 10 lakh.

Category III) doesnot extend to one whole dist.

but extend atleast to one whole taluka or authorized share capital is not more than 10 lakh but not less than Rs. 5 lakh.

▶ **Sec. 73 AAA**

- ▶ Committee shall consists of such number of members as may be provided in bylaws subject to max. 21.
- ▶ Sub. 2 – Committee may co. op. 'expert directors' relating to objects and activities but number of expert directors shall not exceed two which shall be in addition of max number of committee.

- ▶ Committee having not more than 17 directors – Committee may nominate one functional director
- ▶ Committee having more than 17 directors – Committee may nominate two functional directors one should be employee or representative of recognized Union of employees.
- ▶ Term of Office of committee shall be five years from the date of election.

Sec. 73 B Reservation

- ▶ One for SC or ST
- ▶ One OBC
- ▶ One for DNT (Vimukta Jati) or Special Backward class.
- ▶ **Sec. 73 C** – Two seats reserved for women directors.
- ▶ **Sec. 73 CA** Disqualification of Committee and its members.

(A1) In case of socy which gives loan to members for purchasing machinery, implement, equipment, commodities or other goods or which deals in such goods, no member who or whose member of family is dealer in such goods, in the area of operation of socy shall be eligible for being elected or nominated as member of committee of such socy.

1) Disqualification for being appointed as director, if he

a) Defaulter of any socy.

b) has deliberately committed breach of co-op. discipline with reference to linking of credit with marketing /process socy.

c) has been classified as non-active member under sub. Sect. 2 of Sec. 26.

- d) has been held responsible u/s 79 or 88
- e) has incurred disqualifications under this Act Rules.
- f) Carries on the business carried on by socy either in the area of operation of socy or in contravention of provs. of CL (b) of sub sec. A.
- g) is salaried employee of any socy. or holds any office of profit under any socy.
- h) has more than 2 children.
- i) is held guilty for any offence u/s 146 and convicted under sec. 147
- j) is convicted with imprisonment of not less than one year for, an offence under provisions of any law.

2) Member of Committee who has ceased to be a member thereof. On account of disqualification u/s (Ai) and clauses i) to IX of sub. sec. I shall not be eligible to be re-elected, re-co-opted etc. as member of committee till the expiry of next term of 5 years of committee from the date on which he has so ceased to be member of committee.

Sec.73 CB (14)

- i) Committee of every socy. shall inform SEA about expiry of its term 6 months before expiry.
- ii) Inform any casual vacancy occurred in committee within 5 days of occurrence of vacancy.
- iii) Furnish such book, record & information to
SEA
- iv) Provide all necessary help, assistance and Co-operation for preparation of electoral rolls for conduct of election

Sec. 82 Rectification Report

- ▶ Socy. shall send RR writing 3 months to Register and Place it before next AGM.
- ▶ If committee of socy. fails to submit RR to Registrar and fails to place before next AGM, all members of committee shall be deemed to have committed offence u/s 146 & liable for penalty u/s 147 (Rs 5000).

Rule 20 B

- ▶ Every socy. shall organize training for its member officers & employies. through state Apex training institute or federal societies.
- ▶ As far as possible period of education & training for members of committee shall be minimum 3 days in aggregate during their tenure.

Rule 57

- i) No officer of socy. shall have any interest directly or indirectly.
 - a) In any contract made with or by socy. or
 - b) In any property sold or purchased by socy.
 - c) In any other transaction of socy.
- ii) No officer of socy. shall purchase, directly or indirectly, any property of member of socy. sold for recovery of his dues to the socy.

Rule 107 (A) of MCS Rules.

- ▶ Chairman & Vice chairman of Apex Socy., State Level Socy., Sugar Factory and Spinning Mill can only travel by air but he has to attach air ticket to his travelling bill.
- ▶ Director Apex Socy., State Level Socy., Sugar Factory and Spinning mill can travel by highest class of railway. He has to attach ticket to his bill otherwise he is entitled to second class rail fare.
- ▶ Director Apex Socy., State Level Socy., Sugar Factory and Spinning mill and socy. Having paidup capital of more than Rs.50 Crores, can travel by his own car, then he is entitled to KM. wise fare which is admissible to 1st Grade Officer of State Govt.