

**Bye-Laws of
National Cooperative Dairy Federation of India Ltd
Anand 388 001**

(As amended on February 13, 2025)

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1. Name, Address and Area of Operation

- 1.1. The society shall be called National Cooperative Dairy Federation of India Ltd. It shall be referred to hereinafter as the NCDFI.
- 1.2. ^[1] The NCDFI shall have a principal place of business, which shall be the registered office of the NCDFI. The Headquarter of the NCDFI shall be at NDDDB D-Lab Campus, Anand 388 001, Gujarat. The email address of the society shall be root@ncdfi.coop. Any change in address/ email address shall be notified to the Central Registrar within 15 days of its change and also published in local newspapers and shall be made by an amendment of its bye-laws after following the procedures laid down in Section 11 of the Multi State Cooperative Societies Act, 2002.
- 1.3. The NCDFI shall have a Common Seal. The Common Seal shall be kept in the safe custody of the Officer authorised by the Board and shall be used on the authority of a resolution of the Board constituted under the bye-laws of the NCDFI.
- 1.4. The area of operation of the NCDFI shall extend to the whole of India.
- 1.5. The NCDFI is a body corporate, which sues and be sued in its name.

2. Definitions

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

- 2.1. “Act” means the Multi-State Cooperative Societies Act, 2002 as amended time to time.
- 2.2. “Rules” means the Multi-State Cooperative Societies Rules, 2002 and as amended time to time.

¹ Amended on February 13, 2025

- 2.3. [2] “Central Registrar” means the Central Registrar of Cooperative Societies appointed as per clause (f) of Article 243-ZH of the Constitution read with sub-section (1) of Section 4 of the MSCS Act, 2002, and includes any Officer empowered to exercise the powers of the Central Registrar under sub-section (2) of that section;
- 2.4. “Bye-laws” means the Bye-laws of the NCDFI for the time being in force which have been duly registered or deemed to have been registered under the Multi State Cooperative Societies Act in force and includes amendments thereto, which has been duly registered or deemed to have been registered under the Act.
- 2.5. “Delegate” means a person who is duly appointed/elected by the members of the society or part thereof in accordance with its bye-laws as its representatives to the General Body of the society or a person who is duly authorised by the Board of the member society to represent the society in General Body of the society of which the society is a member.
- 2.6. “General Body” means all the members of the NCDFI and a body constituted under the provisions of the Act.
- 2.7. “Board” means the Board of Directors of the NCDFI as mentioned in these bye-laws.
- 2.8. “General Meeting” means a meeting of the general body of the NCDFI and includes special general meeting.
- 2.9. “Chief Executive” means Managing Director of the NCDFI.
- 2.10. “Officer” means a President, Vice-President, Chairperson, Vice-chairperson, Managing Director, Secretary, Manager, Members of the Board, Treasurer, Liquidator, an Administrator appointed under Section 123 and includes any other person empowered under Multi State Cooperative Societies Act or the rules or the Bye-laws to give direction in regard to business of the society.

² Amended on February 13, 2025

- 2.11. “Member” means persons admitted as regular member of the NCDFI as per the provisions of the bye-laws and continues to be so for the time being.
- 2.12. “Associate Member” means a society who is admitted as associate member as per the provisions of the bye-laws of the NCDFI.
- 2.13. “Multi State Cooperative Society” means a cooperative society registered or deemed to be registered under the Multi-State Cooperative Societies Act, 2002.
- 2.14. “National Cooperative Society” means a Multi-State Cooperative Society specified in the second schedule to the Multi-State Cooperative Societies Act, 2002.
- 2.15. “Cooperative Society” means a cooperative society registered or deemed to be registered under any law relating to cooperative societies for the time being in-force in any State or Union Territory.
- 2.16. “Federal Cooperative” means a federation of cooperative societies registered under the MSCS Act and whose membership is available only to a cooperative society or a multi-state cooperative society.
- 2.17. “Defaulter” means a member who has defaulted in payment of any kind of dues payable to the NCDFI.
- 2.18. [3] “Financial Year” means the year ending on the 31st day of March of the year and where the accounts of such society or class of such societies are, with the previous sanction of the Central Registrar, balanced on any other day, the year ending on such day.
- 2.19. “Area of Operation” means the area from which the societies can be admitted as members of the NCDFI.
- 2.20. “Cooperative Principles” means the cooperative principles as specified in the first schedule of the Multi-State Cooperative Societies Act, 2002.

³ Amended on February 13, 2025

- 2.21. “Commodities” would mean the raw, processed and allied derivatives of milk, oilseeds and vegetable / edible oils, vanaspati, fruits and vegetables, cocoa, frozen semen, livestock and any other agricultural produce etc. and other dairy products including various types of cattle feed and all the raw materials required for manufacture of cattle feed, etc.
- 2.22. “Institutional Member” means the National Dairy Development Board, a body corporate under the National Dairy Development Board Act, 1987 (37 of 1987).
- 2.23. [4] “Relative” means :
- 2.23.1 Spouse;
 - 2.23.2 father (including step father);
 - 2.23.3 mother (including step mother);
 - 2.23.4 son (including step son);
 - 2.23.5 son’s wife;
 - 2.23.6 daughter (including step daughter);
 - 2.23.7 daughter’s husband);
 - 2.23.8 father’s father;
 - 2.23.9 father’s mother;
 - 2.23.10 mother’s father;
 - 2.23.11 mother’s mother;
 - 2.23.12 son’s son;
 - 2.23.13 son’s son’s wife;
 - 2.23.14 son’s daughter;
 - 2.23.15 son’s daughter’s husband;
 - 2.23.16 daughter’s son;
 - 2.23.17 daughter’s son’s wife;
 - 2.23.18 daughter’s daughter;
 - 2.23.19 daughter’s daughter’s husband;
 - 2.23.20 brother (including step brother);
 - 2.23.21 brother’s wife;
 - 2.23.22 sister (including step sister);
 - 2.23.23 sister’s husband;
 - 2.23.24 Hindu undivided family

⁴ Inserted on February 13, 2025

- 2.24. [5] “Authority” means cooperative election authority established under clause (1) of section 45 of the MSCS (Amendment) Act, 2023
- 2.25. [6] “Cooperative ombudsman” means the ombudsman appointed by the Central Government under section 85 A of the MSCS (Amendment) Act, 2023
- 2.26. [7] Unless the context otherwise requires, words and expressions used and not defined herein, shall have the same meaning respectively assigned to them under the MSCS Act, 2002, and the MSCS Rules, 2002, as may be amended from time to time.

3. Objects and Functions

3.1. Objects

The objects of the NCDFI shall be:

- 3.1.1. to promote the dairy industry and the oilseeds, vegetable / edible oil and vanaspati industry and other commodities as defined in bye-law 2.21 on cooperative lines; and
- 3.1.2. to coordinate, help, develop and facilitate the working of the dairy, vegetable / edible oilseeds, fruits and vegetable growers’ cooperatives and affiliated organisations dealing in commodities as defined under bye-law 2.21.

3.2. Functions

In furtherance of the above main objects, the NCDFI shall undertake one or more of the following activities:

- 3.2.1. to collaborate with governments, national and international organisations in formulating policies and programmes of cooperative orientation for developing different facets of dairy enterprise, the oilseeds, vegetable / edible oils and vanaspati industry, horticulture and other commodities;
- 3.2.2. to organise and operate a National Milk Grid and the National Oil Grid with the following objectives;

⁵ Inserted on February 13, 2025

⁶ Inserted on February 13, 2025

⁷ Inserted on February 13, 2025

- 3.2.3. to monitor and forecast the milk production in each region / state/ milk shed and production of oilseeds, vegetable / edible oils, vanaspati and other commodities in each region / state;
- 3.2.4. to encourage milk procurement through cooperatives, so that the entire surplus milk in the country may be procured from the producers exclusively by the cooperatives as early as possible and to encourage oilseeds procurement through cooperatives so as to cover large areas under the cooperative structure to benefit the oilseeds growers;
- 3.2.5. to evolve a national milk pricing policy, which will ensure that differential pricing in different milk sheds does not hinder regional and inter-regional movement of milk and milk products;
- 3.2.6. to evolve a national oilseeds and edible oil and horticulture products pricing policy which will ensure that differential pricing in different oilseeds areas does not hinder regional and inter-regional movement of oilseeds and vegetable / edible oils and other commodities;
- 3.2.7. to forecast shifts in producer price, consumer price, demand and supply of milk and milk products, oilseeds, vegetable / edible oils and vanaspati and other commodities;
- 3.2.8. to organise, operate and monitor inter-state and inter-regional movement of milk and milk products and horticultural products and storage of conserved milk products so as to bring about the optimum utilisation of the infrastructure for processing, storage and transport of milk;

- 3.2.9. to organise, operate and monitor inter-state and inter-regional movement of oilseeds and vegetable / edible oils, vanaspati and horticulture products and storage of the same so as to bring about the optimum utilisation of the infrastructure for processing, storage and transport of oilseeds, vegetable / edible oils and vanaspati;
- 3.2.10. to undertake and promote trade, organised purchase, storage, sale and redistribution of all stores and equipment and packaging materials needed for production, procurement, processing and marketing of milk, oilseeds, vegetable / edible oils, vanaspati, horticulture products and other commodities and for the manufacture and marketing of milk products, oilseeds, vegetable / edible oils, vanaspati and other commodities;
- 3.2.11. to assist in organised marketing of milk, milk products, oilseeds and edible oils, fruits and vegetables, horticulture products and its allied raw and processed commodities including the following:
 - 3.2.11.1. maintaining an adequate buffer stock of SMP and butter fat from imports and purchase of indigenous products;
 - 3.2.11.2. maintaining an adequate buffer stock of all types of oilseeds, edible / vegetable oils, vanaspati, oilseeds extractions, horticulture products and other commodities through indigenous purchases and imports;
 - 3.2.11.3. establishing an integrated management information system and uniform accounting system for dairy and oilseeds cooperatives and establishing inter-corporate relations;
 - 3.2.11.4. coordinating inter-state and inter-regional marketing of milk, milk products, oilseeds and edible oils, fruits and vegetables, horticulture products and its allied raw and processed commodities devising a product mix suited to each area, advising the concerned federations on product mix to be adopted and conducting market research, surveys and studies to assist state federations in stimulating, developing and organising the markets;

- 3.2.11.5. to establish and enforce standards of quality of milk and milk products and vegetable / edible oils, horticulture products to be marketed in the National Milk Grid and the National Oil Grid respectively, and other commodities by the member cooperatives;
- 3.2.12. to provide to members, assistance and service in the matter of:
 - 3.2.12.1. technical advice, and services in programming, in enhancing operational efficiency, pricing policy and allied matters;
 - 3.2.12.2. assistance in dealings and negotiations with Governments, National and International organisations and private and public undertakings on behalf of members;
 - 3.2.12.3. liaison for arranging in-service training of personnel;
 - 3.2.12.4. securing financial and connected assistance from Government and financial institutions;
 - 3.2.12.5. providing any other advisory assistance needed by members not specifically mentioned above;
- 3.2.13. to promote research and to assist in developmental activities related to production, collection, processing and marketing of milk and milk products, oilseeds and edible oils, fruits and vegetables and its allied raw and processed commodities;
- 3.2.14. to collect, collate and disseminate statistics and other information;
- 3.2.15. to arrange for the publication of newsletters, journals, bulletins and other literature on matters of dairy interest and also for the exchange of publications with other organisations;
- 3.2.16. to hold dairy conferences, seminars, conventions and shows;

- 3.2.17. to establish and / or manage cooperative dairy enterprises including dairy plants as may be decided by the General Body;
- 3.2.18. to establish and / or manage cooperative oilseeds enterprises including edible oil and vanaspati processing complexes as may be decided by the General Body;
- 3.2.19. to institute and award certificates or prizes to INDIVIDUALS in recognition of their attainments in, or services to, the cause of cooperative dairying or for the cause of development of other commodities in India; and to MEMBERS of the NCDFI in recognition of their outstanding performance in their respective fields;
- 3.2.20. to own or hold on lease or otherwise movable or immovable properties;
- 3.2.21. to subscribe to the shares of other national level cooperative institutions;
- 3.2.22. to undertake export of dairy products, oilseeds, vegetable / edible oils and other commodities and livestock;
- 3.2.23. to undertake market research;
- 3.2.24. to insure against risks of all kinds, the movable and immovable property of the NCDFI;
- 3.2.25. to undertake consultancy services;
- 3.2.26. to organise and encourage savings schemes and to carry out cooperative propaganda;
- 3.2.27. to establish a Research and Development Association having an independent existence, to contribute to its funds and to raise funds for the same from members;
- 3.2.28. to undertake such other activities as are conducive or incidental to the attainment of the aforesaid objects;

- 3.2.29. to decide the trademark for milk and milk products, vegetable / edible oils and vanaspati, horticulture products and other commodities to be marketed nationally or internationally under the trademark of the federation or of any member;
- 3.2.30. to own and / or manage dairy plants and oilseeds and edible oil / vanaspati, horticulture products processing complexes for distribution of milk, milk products, vegetable / edible oils and vanaspati;
- 3.2.31. to become a member of any other national and international cooperative organisations which are helpful in achieving objectives of the NCDFI;
- 3.2.32. to arrange educational and training programmes for the employees and members of the member societies and its members;
- 3.2.33. any activity assigned from time to time by the government(s), institutions of national importance, international organisations, etc. which are meant to help improve the livelihood of the people in rural areas;
- 3.2.34. to undertake any other activities including replication of Anand Pattern Cooperative System in various fields;
- 3.2.35. The NCDFI shall also undertake following functions:

Subject to the provisions of this Act and any other law for the time being in force, the NCDFI may discharge the functions to facilitate the voluntary formation and democratic functioning of cooperative societies as federal cooperative or multi state cooperatives based on self-help and mutual aid.

Without prejudice to the generality of the provisions contained in sub-section (1) of section 24 of the Act, the NCDFI may —

- 3.2.35.1. ensure compliance of the cooperative principle;

- 3.2.35.2. make model bye-laws and policies for consideration of its member cooperative;
- 3.2.35.3. provide specialised training, education and data-based information;
- 3.2.35.4. undertake research, evaluation and assist in preparation of perspective development plans for its member cooperative;
- 3.2.35.5. promote harmonious relations amongst member cooperative;
- 3.2.35.6. help member cooperative to settle disputes among themselves;
- 3.2.35.7. undertake business services on behalf of its member cooperative, if specifically required by or under the resolution of the general body or the board, or bye-laws of a member co-operative;
- 3.2.35.8. provide management development services to a member cooperative;
- 3.2.35.9. evolve code of conduct for observance by a member cooperative;
- 3.2.35.10. evolve viability norms for a member cooperative;
- 3.2.35.11. provide legal aid and advice to a member cooperative;
- 3.2.35.12. assist member cooperative in organising self-help;
- 3.2.35.13. develop market information system, logo brand promotion, quality control and technology upgradation.

4. Membership

- 4.1. No individual person shall be eligible for admission as a member of the NCDFI.
- 4.2. Apex dairy cooperatives of District/State/Union Territories are eligible for admission as a member of the NCDFI provided:

- 4.2.1 They follow multi-tier structure having a minimum membership base of 5,000 dairy producer members covering atleast 50 primary village milk cooperatives;
- 4.2.2 Having its own infrastructure for processing of milk and milk products;
- 4.3. NCDFI shall have the following categories of members:
 - 4.3.1. Regular Members
 - 4.3.2. Associate Members
 - 4.3.3. Institutional Member

5. Regular Members

- 5.1. The following shall be admitted as regular members:
 - 5.1.1. Any apex dairy cooperatives of the States and Union Territories engaged in producing, processing and selling of milk and milk products.
- 5.2. To become a member of the NCDFI, the applicant has to subscribe to a minimum of 40 shares of ₹10,000/- each and full amount of the value of the shares has to be paid along with the application.
- 5.3. No right of membership shall be exercisable until a member has made such payments to the NCDFI in respect of membership or acquired such interest in the society as may be prescribed by the NCDFI in its bye-laws as per the provisions of the Act and Rules.
- 5.4. Every member shall pay ₹1,000/- as admission fee along with the application form, which is non-refundable.

6. Associate Members

- 6.1. NCDFI may, in the interest of promotion of the business of the NCDFI, admit a dairy society as an associate member on payment of ₹1,000/- admission fee and ₹10,000/- annual membership fee which is exclusive of applicable taxes.

6.2. Provided that such members will not be entitled to subscribe to the share capital of the NCDFI.

6.3. They will not be allowed to have any interest in the management of the NCDFI including right to vote, contest elections as director of the board or participate in the general body meetings of the NCDFI.

7. Procedure for Admission and Disposal of Membership
7.1. Application for Membership

The application for membership of the NCDFI shall be submitted in the prescribed form to the Managing Director by the person authorised by the Board of Directors of the society seeking membership of the NCDFI. The application shall be accompanied by the following:

7.1.1. an attested copy of the Bye-laws of the society;

7.1.2. an attested copy of the Resolution passed by the Board of Directors of the society deciding to obtain the membership of the NCDFI and authorising the person for submitting the application;

7.1.3. a copy of each of the latest Annual Report, Audit Report of the society;

7.1.4. an attested copy of the registration certificate of the society;

7.1.5. bank draft towards share money for at least 40 shares (subscription fee in the case of associate members) and admission fee as mentioned in the bye-laws.

7.2. Disposal

7.2.1. The application found complete in all respects will be placed before the Board of Directors for its consideration. The board of directors shall grant or refuse admission recording reasons for rejection.

- 7.2.2. The application for membership of the NCDFI found complete in all respects shall be disposed of within the period of 4 months from the date of receipt of the application by the NCDFI. The same shall be communicated to the applicant within fifteen days of the decision by Registered Post.

8. Disqualification of Membership

No society shall be eligible for being or continuing as a member of the NCDFI if:

- 8.1. The business of the society is in conflict or competitive with the business of the NCDFI; or
- 8.2. The society did not make annual transactions of value of at least ₹1 lakh consecutively for two years;
- 8.3. The member did not attend three consecutive general meetings and such absence was not condoned by the members attending the meeting; or
- 8.4. Has defaulted in payment of dues including contributions, service fees, subscriptions, if any, as decided by the board of the NCDFI from time to time.

9. Cessation of Membership

The Membership of the NCDFI shall cease, if;

- 9.1. On cancellation of the registration of the member society;
- 9.2. On expulsions from the membership;
- 9.3. On resignation by the member;
- 9.4. Incurring any of the disqualifications as per bye-law number 8.

10. Withdrawal from Membership

Any member of the NCDFI may withdraw from membership of the NCDFI after 2 years by giving at least a three months' notice provided such a decision is taken by the competent body of the member society. The request of the member is to be approved by the Board of the NCDFI subject to the payment of arrears, if any.

11. Expulsion of Membership

11.1. The NCDFI may, in accordance with the provisions of section 30(1) of the Act, by the resolution passed by a majority of not less than two-thirds of the members present and voting at a general meeting of members held for the purpose expel a member for acts which are detrimental to the proper working of the NCDFI provided that the member concerned shall not be expelled unless he has been given a reasonable opportunity of making a representation in the matter.

11.2. [8] No member of the NCDFI who has been expelled shall be eligible for readmission as a member of the NCDFI for a period of three years from the date of such expulsion.

12. Obligation/Duties of Members

12.1. Every member will be obliged to accept and take necessary action so as to comply and conform with the decision and action taken on behalf of the members by the Federation in coordinating the marketing of milk, milk products, oilseeds, vegetable / edible oils, vanaspati, fruits and vegetables and other commodities in bulk to Defence Services, Railways, Airways and other national level institutions etc. and also market through the Federation, milk, milk products, oilseeds, vegetable / edible oils, fruits and vegetables and other commodities as may be decided and assigned to every member by the Board of the NCDFI.

12.2. Every member shall be obliged to pay the prescribed installment of share capital called up by the NCDFI from time to time, the membership fee, service charges and any other dues.

⁸ Amended on February 13, 2025

12.3. Supply necessary and correct information as required by the federations.

12.4. Failure on the part of members to fulfill any business commitment entered on their behalf by the NCDFI will make them liable for consequential losses to the federation as may be decided by the Board.

13. Claim on the Reserve Fund

A member whose membership has been terminated for reasons stated in bye-laws or for any other reasons, shall, subject to the rules of the NCDFI, have no claim on the Reserve Fund or any other Funds or properties of the NCDFI.

14. Rights of Members

Every member of the NCDFI shall have the following rights:

14.1. At least one vote in the general body meetings of the NCDFI and no member shall be permitted to vote by proxy;

Provided that a multi-state cooperative society or a cooperative society or any other institution, which is a member of any other multi-state cooperative society may appoint its representative by a resolution passed by its Board to vote on its behalf in the affairs of such multi-state cooperative society.

14.2. Right to receive notice of general body meetings as per bye-laws of the NCDFI;

14.3. Right to attend and take active part in the proceedings of the general body;

14.4. Take part in elections and contest for any post as per provision of the Act, Rules and bye-laws of the NCDFI;

14.5. Inspect member registers, books of accounts or any other record and obtain certified copies of the resolutions or documents.

15. Liability

Liability of the members shall be limited to the share capital subscribed by them.

16. Liability of a Past Member and Estate of the Deceased Member

16.1. The liability of a past member or the estate of the deceased member of the NCDFI for the debts to the NCDFI as they existed -

in the case of a past member on the date on which he ceases to be a member; and

in the case of a deceased member on the date of his death;

shall continue for a period of two years from such date.

16.2. Notwithstanding anything contained in this bye-laws, where the NCDFI is ordered to be wound up under Section 86 of the Act, the liability of a past member who ceased to be a member or of the estate of a deceased member who died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts to the NCDFI as they existed on the date of cessation of membership or death, as the case may be.

17. Authorised Share Capital

17.1. The authorised share capital of the NCDFI shall be ₹10 crores divided into 10,000 shares of ₹10,000/- each.

17.2. Regular and institutional members of the NCDFI shall subscribe to a minimum of 40 shares of ₹10,000 each and full amount has to be paid along with the application to become a member.

17.3. In addition to the minimum share capital, the Board of Directors of the NCDFI shall have the right to call upon the members to subscribe to additional shares in proportion to the business in milk and milk products, vegetable / edible oils and vanaspati and fruit and vegetables transacted by them with or through the NCDFI in the preceding year.

17.4. No member other than the authorities referred to in clauses (c) to (g) of sub-section (1) of section 25 of the Act shall hold not more than one fifth of the total share capital of the NCDFI.

18. Lien on Shares, Dividends and Deposits

The NCDFI shall have the first and paramount lien on charge upon all the shares, dividends and deposits of any member or past member for all moneys due from him to the NCDFI from time to time. The NCDFI may at any time set off any sum credited by or payable to the member or past member towards payment of any liability of such member as past member.

19. Share Certificate

Every member shall be entitled to receive a share certificate gratis stating the number of share/s and their distinctive number/s. The share certificates shall be signed by the Managing Director. The share certificate shall bear the NCDFI's seal.

20. Transfer of Shares

20.1. A member may transfer his share or shares after holding them for not less than one year to any society duly approved by the Board of Directors. The transfer is not complete until the name of the transferee has been duly entered in the register of members and the transfer fee of ₹25/- per share is paid.

- 20.2. If any certificate be worn out, defaced, destroyed or lost, a new share certificate's may be issued in lieu thereof on payment of a fee of ₹5/- per share. It shall, however, be necessary to produce evidence to the satisfaction of the Board of Directors that the share certificates were worn out, defaced, destroyed or lost, or in absence of such evidence, on such indemnity as the Board of Directors may deem sufficient.

21. Raising of Funds

- 21.1. The funds required by the NCDFI may be raised through:
- 21.1.1. admission fees;
 - 21.1.2. a levy on the quantity of commodity by the regular members and their affiliated member cooperative societies in their operational areas at rates fixed by the General Body from time to time;
 - 21.1.3. service charges from member societies on business transacted with / through the NCDFI at rates fixed by the Board of Directors from time to time;
 - 21.1.4. issue of shares, debentures;
 - 21.1.5. annual associate membership fee of ₹10,000/- payable by every Associate Member for each financial year;
 - 21.1.6. deposits, loans and advances;
 - 21.1.7. contributions, donations and grant-in-aid; and
 - 21.1.8. fees for technical services.
 - 21.1.9. In addition to contributing to the share capital or paying annual associate membership fee, members shall pay fees for services, which they may call upon the NCDFI to render. The fees payable will depend on the nature of service and fixed by the Board of Directors from time to time. Regular members and associate members availing of the services referred to in bye-laws shall pay charges at the rates prescribed by the Board of Directors from time to time.

21.1.10. [9] Transaction charges from NCDFI eMarket members for business/services transacted/provided through the NCDFI eMarket at rates fixed by the Board of Directors from time to time;

21.2. The funds of the NCDFI shall be applied to achieve the objectives of the NCDFI.

22. Maximum Borrowing Limit

[10] The total amount of loans received shall not exceed such multiples as may be determined by the Central Government of the sum of subscribed share capital and accumulated reserves minus the accumulated losses.

23. Constitution of the General Body

23.1. The General Body of the NCDFI shall consist of all the regular and institutional member of the NCDFI.

23.2. Subject to the provisions of the Act, Rules and these bye-laws, the ultimate authority of the NCDFI shall vest in the general body of its regular and institutional members.

24. Powers and Functions of the General Body

24.1. [11] The Board of the NCDFI shall call the annual general body meeting within a period of six months after the close of the Financial year provided that for the following purposes:

24.1.1. consideration of the audited statement of accounts;

24.1.2. consideration of the audit report and annual report;

24.1.3. consideration of audit compliance report;

24.1.4. consideration of the report of the recovery cell;

24.1.5. disposal of net profits;

24.1.6. review of operational deficit, if any;

⁹ Inserted on February 13, 2025

¹⁰ Amended on February 13, 2025

¹¹ Amended on February 13, 2025

- 24.1.7. creation of specific reserves and other funds;
- 24.1.8. approval of the annual budget;
- 24.1.9. review of actual utilisation of reserve and other funds;
- 24.1.10. approval of the long term perspective plan and the annual operational plan;
- 24.1.11. review of annual report and accounts of subsidiary institution, if any;
- 24.1.12. list of employees who are relatives of members of the Board or of the Chief Executive;
- 24.1.13. formulation of code of conduct for the members of the Board of Directors;
- 24.1.14. election of members of the Board;
- 24.1.15. amendment of bye-laws;
- 24.1.16. expulsion of members;
- 24.1.17. removal of directors;
- 24.1.18. ^[12] approval for appointment of Statutory Auditors and fixation of remuneration who will function up to the conclusion of the next annual general meeting, provided that such auditors or auditing firm shall be appointed from a panel approved by the Central Registrar.
- 24.1.19. At every annual general meeting of the NCDFI, the Board shall lay before the General Body a statement showing the details of loans and advances and other credit facilities, if given to Directors, their relatives and firms/concerns/companies;
- 24.1.20. Any other matter laid before it by the Board of Directors.

¹² Amended on February 13, 2025

25. Amendment to Bye-laws

The amendment of these bye-laws shall only be passed by a resolution of the meeting of the general body in which a quorum is present by a vote of not less than two third of the members present there at and not less than 15 clear days' notice for considering such amendment has been previously given.

26. Special General Meeting

The Chief Executive shall, at any time, on the direction of the Board, call a special general meeting of the NCDFI and shall hold such meeting within one month after the receipt of a requisition in writing from the Registrar or from one-fifth of the total number of members of the NCDFI.

27. Notice for the General Meetings and Special General Meetings

27.1. Annual General Meeting of the NCDFI will be called only by giving not less than 14 clear days notice in writing to all the members of the NCDFI.

27.2. Special General Meeting of the NCDFI may be called by giving not less than 7 days clear notice in writing to all the members of the NCDFI;

27.3. The notice for the Annual General Meeting of the General Body shall be accompanied by a copy of each of the audited balance-sheet, profit and loss account together with the auditors report relating to the preceding year and the report of the Board of Directors thereon, election to the Board of Directors and amendment of bye-laws, if any.

28. Quorum of the Meeting

28.1. The quorum for the general meeting shall be one fifth of the total number of members of the general body;

28.2. No business shall be transacted at any general meeting unless there is a quorum at the time when the business of the meeting is due to commence;

- 28.3. If within half an hour from the time appointed for the meeting, quorum is not present, the meeting shall stand adjourned and would be held after half an hour at which the quorum will not be required;
- 28.4. If at any time during the meeting sufficient number of members are not present to form the quorum, the Chairman or the member presiding over the meeting on his own, or on his attention being drawn to this fact, shall adjourn the meeting and the business that remains to be transacted at this meeting, if any, shall be disposed off in the usual manner at the adjourned meeting;
- 28.5. Where a meeting is adjourned under clause 28.3 or 28.4 the adjourned meeting shall be held either on the same day or on such date, time and place as may be decided by the Chairman or the member presiding over the meeting; but not later than 7 days of the adjourned meeting.
- 28.6. No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting;
- 28.7. The adjourned meeting will transact its regular business even without the quorum being present at the meeting.

29. Constitution of Board of Directors

The executive management of the NCDFI shall vest in the hands of the Board of Directors consisting of the following:

- 29.1. Eight directors elected among the member delegates in the General Body.
- 29.2. Institutional Member.
- 29.3. Managing Director is the ex-officio member on the Board.

30. Meetings of the Board of Directors

30.1. ^[13] The Board of Directors shall meet at least once in every quarter. The meeting shall be convened by the Managing Director at the instance of the Chairman. In a situation where the Chairman fails to direct the Managing Director to convene the meeting of the Board within the quarter, such Managing Director shall convene the meeting on the basis of requisition of any other Member of the Board. The Managing Director may also convene the meeting on the basis of requisition from at least fifty per cent of Members of the Board;

30.2. The meetings of the Board of Directors shall normally be held at the registered office of the NCDFl. In exceptional cases, the meetings of the board may be held at any other place as decided by the Board;

30.3. The meetings of the Board of Directors shall be presided over by the Chairman or in his absence, the Directors present in the Meeting shall elect a Chairman for the Meeting from among themselves;

30.4. 14 days notice shall ordinarily be necessary for the meeting of the Board of Directors;

30.5. The quorum for the meeting of the Board of Directors shall be 3.

31. Term of the Board of Directors

31.1. The term of the office of the elected Members of the Board of Directors shall be five years from the date of election.

31.2. If any vacancy arises in the Board of Directors, it shall be filled up through election by the member delegates in the General Body for the unexpired term of the Board.

¹³ Amended on February 13, 2025

31.2.1. [14] The Board may fill casual vacancies up to one-third of number of elected Directors on the board by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of office of the Board is less than half of its original term. In case the number of such casual vacancies in the same term of the board exceeds one-third of number of elected directors, such vacancies shall be filled by elections.

31.3. The elected members of the Board shall be eligible for re-election.

32. Removal of Elected Members of the Board by the General Body

An elected member of the Board, who has acted adversely to the interests of the NCDFI, may on the basis of a report of the Central Registrar or otherwise be removed from the Board upon a resolution of the general body passed at its meeting by a majority of not less than two-third of the members present and voting at the meeting.

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

33. Powers & Functions of the Board of Directors

33.1. to admit members;

33.2. to elect Chairman of the NCDFI;

33.3. to authorise convening of meetings of the General Body;

33.4. to interpret the organisational objectives and set up specific goals to be achieved towards these objectives;

33.5. to make periodic appraisal of objectives;

33.6. to appoint, suspend or remove the Managing Director and such other employee of the NCDFI as may be prescribed in the MSCS Act and Rules 2002 as amended from time to time;

¹⁴ Inserted on February 13, 2025

- 33.7. [15] to make provisions for transparent, objective, and adequately publicised competitive process for the recruitment of employees, the educational and experience requirements for recruitment of employees, regulating the appointment to the society and the scales of pay, allowances and other conditions of service, including disciplinary action against such employees;
- 33.8. to place the annual report, annual financial statements, annual plan and budget for the approval of the general body;
- 33.9. to consider audit and compliance report and place the same before the general body;
- 33.10. to acquire or dispose off immovable property;
- 33.11. to review the membership in other cooperatives;
- 33.12. to approve annual and supplementary budget;
- 33.13. to recommend to the General Body for the disposal of net profits;
- 33.14. to raise funds;
- 33.15. to approve the panel of auditors for placing in the General Body;
- 33.16. to constitute an Executive Committee and other Committees or Sub-Committees as may be necessary and delegate to them such powers as may be appropriate, provided that the Committees or Sub-Committees other than Executive Committee shall not exceed 3 at a given point of time.
- [16] Additionally, the Board shall constitute:
- (i) an Audit and Ethics Committee;
 - (ii) a Committee on prevention of sexual harassment at workplace.

¹⁵ Amended on February 13, 2025

¹⁶ Inserted on February 13, 2025

33.17. to frame regulations for the election of delegates to the General Body, Members to the Board of Directors and for the conduct of Meetings of the General Body and the Board of Directors as per the provisions of the Act;

33.18. to take such other measures or to do such other acts as may be prescribed or required under this act or the bye-laws or as may be delegated by the general body.

34. Chairman

34.1. There shall be a Chairman elected by the Board of Directors from among the elected regular members representing the member cooperatives. The Chairman shall preside over the Meetings of the General Body and the Board of Directors.

34.2. The term of office of the Chairman shall be co-terminus with the term of the elected Members of the Board unless Chairman ceases to be a Director earlier. In case of any vacancy within this period, the Board shall fill up the vacancy through election for the unexpired term of the Board.

35. Powers and Functions of the Chairman

The Chairman shall have the following powers and functions:

35.1. He shall preside over the meetings of the General Body, Board of Directors and Executive Committee;

35.2. The Chairman shall sign the proceedings of all the meetings presided over by him;

35.3. In the event of equality of votes on a resolution, the Chairman shall have an additional casting vote;

35.4. To convene the meeting of the Board of Directors, Executive Committee and other committees of which he is the Chairman;

- 35.5. The Chairman may take decisions as of an urgent and emergent nature affecting the policy of the NCDFI on behalf of the Board of Directors, Executive Committee or any other committees. The matter will be placed before the next meeting of the concerned committee for ratification.

36. Prohibition to Hold Office of Chairman in Certain Cases

- 36.1. No member of a Board shall be eligible to be elected as the Chairman of the NCDFI if such member is a Minister in the Central Government or a State Government.

- 36.2. No member of a Board shall be eligible to be elected as the Chairman of the NCDFI, after he has held the office, as such during two consecutive terms, whether full or part:

PROVIDED that a member who has ceased to hold the office of the Chairman continuously for one full term shall again be eligible for election to the office as such.

- 36.3. No person shall be eligible to hold at the same time office of the Chairman on the Board of more than two Multi-state Cooperative Societies.

37. Chief Executive

[17] The Managing Director shall be the Chief Executive of the NCDFI and shall be appointed by the Board as per the MSCS Act, 2002, the MSCS Rules, 2002 and any other norms issued by the Central Government in this regard, and shall aid and assist the Board of Directors in its functions. He shall be member of all the committees and subcommittees of the Board of Directors as may be constituted.

38. Powers and Functions of the Managing Director

Subject to overall control and general supervision of the Board of Directors, the Managing Director shall have the following powers, functions and responsibilities:

¹⁷ Amended on February 13, 2025

- 38.1. to assist the Board of Directors in the formulation of policies, objectives and planning;
- 38.2. to implement the policies and plans duly approved by the General Body or the Board and furnish to the Board of Directors periodical information necessary for appraising the activities and progress of achievement towards implementations of the policies and programmes;
- 38.3. to summon meetings of various committees including the general body under the instructions of the Chairman;
- 38.4. to maintain proper records of the NCDFI;
- 38.5. to manage the funds of the NCDFI, cause proper accounts to be maintained and audited;
- 38.6. to attend to all correspondence of the NCDFI;
- 38.7. to be responsible for collection and safety of the funds;
- 38.8. to execute the policies / programmes and business of the NCDFI and take such action as is necessary to give effect to the resolutions of the general body, Board of Directors or any other committee constituted under bye-laws;
- 38.9. to sign all deposit receipts of the NCDFI with banks in accordance with the resolution of the Board of Directors;
- 38.10. to endorse and transfer promissory notes and other securities and to endorse, sign, encash cheques and negotiate instruments on behalf of the NCDFI;
- 38.11. to be the officer of the NCDFI to sue or to be sued on behalf of the NCDFI and sign all books and arrangements in favour of the NCDFI;
- 38.12. to appoint such personnel in the NCDFI as may be approved by the Board of Directors;
- 38.13. to determine powers, functions and responsibilities of the employees of the NCDFI of all categories;

- 38.14. to maintain a list of members correct and up-to-date;
- 38.15. to exercise administrative control in respect of all officers and staff, including granting of leave, granting of annual increments and other matters relating to the service conditions of the employees;
- 38.16. to delegate powers to other officers of the NCDFI;
- 38.17. to sign on behalf of the NCDFI and conduct its correspondence;
- 38.18. to sanction contingent expenditure in so far as the amount involved is upto ₹5,000/-;
- 38.19. ^[18] to present the draft annual report and financial statements for the approval of the Board within forty five days of closure of the financial year;
- 38.20. to record proceedings of meeting and have duly signed;
- 38.21. Managing Director of the NCDFI shall have powers to attend the General Body without the right to vote;
- 38.22. to perform all duties entrusted to him and to exercise such other powers as may be delegated to him by the Board of Directors, executive committee and Chairman from time to time.

39. Disposal of net profits

- 39.1. Subject to the provisions of the Act and Rules framed thereunder, the net profits of the NCDFI shall be distributed by the General Body as follows:
 - 39.1.1. 25% of net profit to the reserve fund;
 - 39.1.2. ^[19] credit annually one per cent of net profit to cooperative education fund maintained by the Central Government;
 - 39.1.3. 10% of the net profit shall be carried to Reserve Fund to meet unforeseen losses;

¹⁸ Amended on February 13, 2025

¹⁹ Amended on February 13, 2025

- 39.1.4. [20] if the society is in profit for the preceding three financial years, 1% of its net profits, or ₹1 crore (whichever is less) shall be credited to the Cooperative Rehabilitation, Reconstruction and Development Fund maintained by the Central Government.
- 39.2. The balance of the net profit may be utilised for all or any of the following purposes, namely:
- 39.2.1. transfer of an amount of not more than 10 per cent to building fund;
- 39.2.2. donations of amounts not exceeding five per cent of the net profits for any purpose connected with the development of cooperative movement or charitable purpose as defined in Section 3 of the Charitable Endowments Act, 1980;
- 39.2.3. payment of dividend to members on their paid up capital to the extent and in the manner decided by the Board not exceeding 20 per cent;
- 39.2.4. payment of ex-gratia amount to employees of the NCDFI to the extent and in the manner decided by the Board; and
- 39.2.5. balance of the net profit, if any, shall be transferred to the general fund.

40. Investment of funds

The NCDFI may invest or deposit its funds in:

- 40.1. A cooperative bank including cooperative land development bank;
- 40.2. [21] in any of the securities issued by the Central Government, State Government, Government Corporations, Government Companies, Authorities, Public Sector Undertakings or any other securities ensured by Government guarantees;

²⁰ Inserted on February 13, 2025

²¹ Amended on February 13, 2025

40.3. [22] Shares and securities of any other cooperative society/subsidiary institutions in the same line of business as the Multi State Cooperative Society;

40.4. Any scheduled bank.

40.5. [23] in such other manner as may be determined by the Central Government.

41. Reserve Fund

41.1. In addition to the sum prescribed under the Act and bye-laws, all admission fees, entrance fees, associate membership fees, amount of forfeited shares and dividends and donations shall be carried to the Reserve Fund.

41.2. The Reserve Fund shall be separately invested in government securities or other approved securities or in fixed deposits in any cooperative banks or nationalised banks.

42. Dividend

42.1. The dividend declared shall be paid to the member whose name stands as the registered shareholder in the books of the NCDFI on the last day of the cooperative year to which the dividend relates.

42.2. Dividend shall be proportionate to the amount paid on shares and the period in whole months for which the amount stood to the credit of the shareholder.

42.3. Any dividend remaining undrawn for three years after having been declared shall be forfeited and shall be carried to the Reserve Fund of the NCDFI.

42.4. No member shall be entitled to receive payment of dividend if any amount remains unpaid to the NCDFI that is older than one year on the last day of the cooperative year to which the dividend relates.

²² Amended on February 13, 2025

²³ Inserted on February 13, 2025

43. Accounts and Records

- 43.1. Accounts and records shall be maintained in forms prescribed or approved by the Central Registrar with such additions as the Board of Directors consider necessary. Any member of the NCDFI may inspect any of the registers or records during office hours in so far as they relate to his own business transaction.
- 43.2. [24] The society shall adopt such standards of auditing and accounting as may be determined by the Central Government. Until such standards are specified, the auditing and accounting standards specified by the Institute of Chartered Accountants of India constituted by sub-section (1) of section 3 of the Chartered Accountants Act, 1949 shall be deemed to be the standards of auditing and accounting.
- 43.3. [25] The society shall designate a Cooperative Information Officer. The Cooperative Information Officer shall provide information to its Members regarding the affairs and management of the society, upon receiving an application for the same as provided under Form IX of the MSCS Rules, 2002. The application to the Chief Information Officer shall be in the format, and with such qualifications, as specified in the MSCS Act, 2002 and the MSCS Rules, 2002.
- 43.4. [26] The society shall comply with the directions of the Cooperative Ombudsman as appointed under Section 85A of the amended MSCS Act, 2002, and the MSCS Rules, 2002.

²⁴ Inserted on February 13, 2025

²⁵ Inserted on February 13, 2025

²⁶ Inserted on February 13, 2025

44. Audit

- 44.1. The accounts of the NCDFI shall be audited by a Chartered Accountant within the meaning of Chartered Accountants Act, 1949, appointed in accordance with the provision of section 70 to 72 of the Act and the auditors so appointed shall have the powers, duties and rights set out in sections 73 to 76 of the Act. The appointment of Auditor and their remuneration shall be approved in the general body meeting of the NCDFI.
- 44.2. [27] The accounts of the society shall be audited by an auditor as per the MSCS Act, 2002 and the MSCS Rules, 2002, at least once in each year.
- 44.3. [28] The society shall, at each annual general meeting, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed.
- 44.4. [29] The auditors or auditing firm shall be appointed from a panel maintained by the Central Registrar.
- 44.5. [30] The auditor shall submit the audit of accounts report to the society within six months from the date of closing of the financial year, to which such accounts relate.
- 44.6. [31] The society may fill any casual vacancy in the office of an auditor; but while any such vacancy continues, the remaining auditor or auditors, if any, may act. where such vacancy is caused by the resignation or death of an auditor, the vacancy shall be filled by the Board from the panel of auditors from which such auditor was appointed.

²⁷ Inserted on February 13, 2025

²⁸ Inserted on February 13, 2025

²⁹ Inserted on February 13, 2025

³⁰ Inserted on February 13, 2025

³¹ Inserted on February 13, 2025

44.7. [32] In case the society meets the criteria laid down under Section 70A of the MSCS Act, 2002, a concurrent audit shall be carried out by an auditor appointed from a panel of auditors maintained by the Central Registrar.

45. Settlement of Disputes

All the disputes shall be referred to Arbitration in accordance with the provisions of the Multi State Cooperative Societies Act and Rules.

46. Limitations

The limitation period in disputes shall be as per the provisions of the Act.

47. Service Rules

[33] The NCDFI shall have service rules for regulating the service conditions of its employees as formulated and amended by the Board from time to time. The recruitment of employees at various levels would be carried out through a transparent, objective and adequately published competitive process as per the educational and experience criteria as specified in the Service Rules/ recruitment and promotion rules of NCDFI duly approved by the Board.

48. Association of Employees

The NCDFI shall device such procedures through administrative instructions for the association of employees in management decision making process.

49. Educational Course for Members

The NCDFI shall organise cooperative education programmes for the members, directors and the employees. The necessary fund required shall be made available in this regard.

50. Winding Up

The NCDFI shall be wound up as per the procedures of the Act and the Rules.

³² Inserted on February 13, 2025

³³ Amended on February 13, 2025

51. Provident Fund

The NCDFI shall deposit the Provident Fund of its employees in accordance with the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952.

52. Miscellaneous

52.1. No act of the General Body or the Board of Directors shall be deemed invalid by reasons of any defect in the election of a member thereof or by reasons of any vacancy therein not having been filled up.

52.2. All matters are not specially provided in these bye-laws shall be decided in accordance with the provisions of the Multi State Cooperative Societies Act, 2002 and Rules thereof.