

**BYE LAWS**

**OF**



**NATIONAL FILM AND FINE ARTS  
COOPERATIVE LTD.**

**NEW DELHI**

**(Regn. No. CR 14, dated August 27, 1981)**

**(As amended upto 21st February, 2007)**

**BYE-LAWS  
OF  
NATIONAL FILM AND FINE ARTS COOPERATIVE LTD (NAFFAC)**

National Film & Fine Arts Cooperative Ltd.  
3, Siri Institutional Area,  
August Kranti Marg, New Delhi-110016

**1. Name**

- (i) The Society shall be called 'National Film and Fine Arts Cooperative Limited' herein after referred to as NAFFAC.
- (ii) NAFFAC 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 society;
- (iii) NAFFAC is a body corporate that can sue and be sued in its name.

2. NAFFAC shall have a principal place of business which shall be the registered office of the society. The Registered office of NAFFAC shall be in New Delhi, 3, Siri Institutional Area, August Kranti Marg, (Behind Hauz Khas), New Delhi-110016. Any change in address shall be notified to the Central Registrar within 15 days of its change and also published in local newspaper and shall be made by an amendment of its bye-laws after following the procedures laid down in Sec. 11 of the Multi State Coop. Societies Act, 2002.

**3. Definitions**

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

- (a) 'Act' means the Multi-State Cooperative Societies Act, 2002 as amended from time to time;
- (b) 'Central Registrar', means the Central Registrar of Cooperative Societies appointed under the provisions of the MSCS Act;
- (c) Rules means the Multi-State Cooperative Societies Rules, 2002 made under Multi-State Cooperative Societies Act, 2002 and as amended from time to time;
- (d) 'National Cooperative Society' means a Multi-State Cooperative Society specified in the second schedule to the Multi-State Cooperative Societies Act, 2002;
- (e) '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;
- (f) 'Member' means a cooperative society/a multi-state cooperative society who is admitted as member of NAFFAC and continues to be so for the time being;
- (g) 'Multi State Cooperative Society' means a cooperative society registered or deemed to be registered under the Multi-State Cooperative Societies Act 2002;.

- (h) 'Bye-laws' means the Bye-laws of NAFFAC 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 have been duly registered or deemed to have been registered under the Act;
- (i) 'Delegate' means a person who is duly appointed/elected by the members of NAFFAC or part thereof in accordance with its bye-laws as its representative to the General Body of another society or a person who is duly authorised by the Board of NAFFAC to represent NAFFAC in the General Body of which NAFFAC is a member;
- (j) 'General Body', means all the members of NAFFAC and in relation to a national cooperative society or a federal cooperative means all the delegates of member cooperative societies or delegates of multi state cooperative society and includes a body constituted under the provisions of the Act;
- (k) 'Board' means the Board of Directors of NAFFAC;
- (l) 'General Meeting' means a meeting of the General Body of NAFFAC and includes special general meeting;
- (m) 'Chief Executive' means Managing Director of NAFFAC;
- (n) 'Officer' means a Chairman, a Vice-Chairman, Chairperson, Vice-chairperson, Managing Director, Members of the Board, Liquidator, an Administrator appointed under Sec. 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 NAFFAC;
- (o) 'Associate member' means a person who has been admitted as an associate member under the bye-laws of NAFFAC;
- (p) '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;
- (q) A 'Cooperative Bank' means a multi state cooperative society which undertakes banking business;
- (r) 'Reserve Bank' means the Reserve Bank of India constituted under the RBI Act 1934 (2 of 1934);
- (s) 'Deposit Insurance Corporation' means the Deposit Insurance & Credit Guarantee Corporation established under Sec. 3 of the Deposit Insurance Corporation Act 1961;
- (t) 'Defaulter' means a member who has defaulted in payment of any kind of dues payable to NAFFAC;
- (u) 'Cooperative Year' means the period from 1<sup>st</sup> of April to 31<sup>st</sup> March;
- (v) 'Cooperative Principles' means the cooperative principles as specified in the first schedule of the Multi-State Cooperative Societies Act, 2002.
4. The area of operation of NAFFAC shall extend to the whole of India.

## 5. **Objects, and functions**

### (a) **Objects :**

The principal object of NAFFAC will be to promote the interests of all its members to attain their social and economic betterment through self-help and mutual aid in accordance with the cooperative principles.

### (b) **Functions:**

In furtherance of the above objects, NAFFAC may undertake any or all of the following activities :-

- (i) to undertake production of films including audio-visual and teaching aids with special reference to cooperative institutions.
- (ii) to help in the organisation of art theatres or mini-theatres in the cooperative field, in the establishment of a centre for film studies, research, and film library.
- (iii) to organise mobile film exhibition units, film festivals, seminars and cultural exchange programmes.
- (iv) to help the member film cooperatives in organising research and development programmes for modernising the equipment; machinery and technique of production.
- (v) to undertake distribution and exhibition of films at the national and international level.
- (vi) to organise directly or help member cooperatives in the establishment and running of film studios, laboratories, photo studios, library of books on cinema and other performing arts, machinery for distribution and sale of cinematographic equipments and photographic materials, manufacturing units for various equipments, civil works unit for undertaking construction of studios, theatres etc.
- (vii) undertake activities like advertising, liaison and public relations.
- (viii) to invest the shares in the film cooperatives and other cooperative organisations.
- (ix) to create a Cooperative Film Development Fund particularly to support special development schemes of the member cooperatives. The rules for the creation, utilisation etc. of the fund, shall be framed with the prior approval of the Central Registrar.
- (x) to organise and encourage cultural programmes and other fine arts activities on its own or for other organisations that require NAFFAC's services.
- (xi) to organise workshops/seminars in the field of mass communication, culture and media studies.
- (xii) to do such things or undertake such other business or activities, as may be incidental or conducive to the attainment of or all the above objectives.

## 6. **Membership**

NAFFAC shall have following categories of members:-

### I. **Ordinary members**

### II. **Associate members**

### I. **Ordinary members**

Any society/organisation associated with the cooperative movement within the area of operation of NAFFAC and who genuinely need the services provided by NAFFAC and whose interest does not conflict with the interest of NAFFAC;

The membership of NAFFAC shall be open to the following :

- (a) State Film Cooperatives;
- (b) Primary Film Cooperatives;
- (c) National Level Cooperative Societies;
- (d) State Cooperative Unions;
- (e) National Film Development Corporation and State Film Development Corporation and other State Public Sector Organisations working in the field of film development;
- (f) Government of India;
- (g) Multi – State Cooperative Societies other than national level cooperative societies and other state level cooperatives in case such societies can make specific use of the service provided by NAFFAC;
- (h) District level Cooperatives Societies;
- (i) Urban Cooperative Banks whose working capital is Rs. 1.00 crore or above and who want to make use of services provided by NAFFAC;
- (j) National Cooperative Development Corporation (NCDC);
- (k) Any other organisation associated with the Cooperative Movement.

No right of membership shall be exercisable until a society has made such payments to NAFFAC in respect of membership or acquired such interest in the society as per the provisions of the Act and rules.

### II. **Associate members**

NAFFAC may, in the interest of promotion of its business, admit corporate bodies & other informal groups as associate members of NAFFAC by charging a membership fee of Rs 500/- per annum per entity, provided that such members will not be entitled to subscribe to the share capital of NAFFAC.

They will not be allowed to have any interest in the management of the society including right to vote, contest election as Director of the Board or participate in the General Body Meetings of NAFFAC.

**B. Rights of member :**

Every member except Associate members of NAFFAC shall have the following rights :-

- (a) One vote in the general body meetings of NAFFAC and no member shall be permitted to vote by proxy;

Provided that a multi-State co-operative society or a co operative 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.

- (b) Right to receive notice of general body meetings as per bye-laws of NAFFAC;
- (c) Right to attend and take active part in the proceedings of the General Body;
- (d) Take part in elections and contest for any post as per provision of the Act, Rules and bye-laws of NAFFAC;
- (e) Inspect member registers, books of accounts or any other record and obtain certified copies of the resolutions or documents on a payment of fee as may be prescribed by NAFFAC from time to time.

**7. Applications for Membership**

- (i) The application for membership of the society shall be submitted by the applicant to the Managing Director of NAFFAC in the prescribed form and 10% of the value of shares deposited by the applicant at the time of submission of application.

(ii) *Disposal :*

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

**8. Liability**

- (a) Liability of the members shall be limited to the share capital subscribed by them;
- (b) Liability of every member would continue for a period of two years from the date of ceasing to be a member of NAFFAC.

**9. A. Source of Funds**

NAFFAC may receive funds from any or all the following sources :

- (i) admission fee; (ii) share capital; (iii) loans and deposits (iv) grants-in-aid; (v) donations; (vi) contributions; (vii) subscriptions; (viii) profit.

The funds of the society shall be applied to achieve the objectives of the society.

**B. Maximum Borrowing Limit**

NAFFAC shall be eligible to receive deposits and loans from members and others upto ten times of its paid up share capital plus accumulated reserves minus accumulated losses, if any

**C. Investment of Funds**

(a) NAFFAC may invest or deposit its funds in :-

(b) a cooperative bank including cooperative land development bank;

(c) securities specified in section 20 of the Indian Trust Act 1882;

(d) shares and securities of any other cooperative society/subsidiary institutions;

(e) any other scheduled bank.

**D. Reserve Fund**

(i) In addition to the sum prescribed under the Multi-State Co-operative Societies Act, 2002 and Bye-laws, all admission fees, entrance fees, nominal membership fees, amount of forfeited shares and dividends and donations shall be carried to the Reserve Fund.

(ii) Any loss occurring as the net result of the year's working may with the previous sanction of the Central Registrar, be made good from the Reserve Fund or from the profits of the next ensuing year or years.

(iii) The Reserve Fund shall be separately invested in Government and trustee securities or other approved securities or in fixed deposits with the District Central Co-operative Bank or the State Co-operative Bank.

**10. Authorised Share Capital**

The authorised share capital of NAFFAC shall be Rs. 1.00 crore (Rupees one crore) which shall comprise of 2000 shares of the face value of Rs. 5000/- each.

11 A. (i) Every member shall take at least one share but no member shall be allowed to take more than 1/5 of the total subscribed share capital. But this restriction shall not be applicable to the Government of India, State Governments and National Film Development Corporation.

(ii) Manner of allotment, transfer, redemption and/or repatriation shall be at face value and as per the provisions of the Act.

**B. Share Certificate**

Every person admitted as 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 Chairman, or any Director duly authorized and the Managing Director. The share certificate shall bear NAFFAC's seal.

### C. **Transfer of shares**

- (i) A member may transfer his share or shares after holding them for not less than one year to another 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 Rs 100/- per share is paid.
- (ii) If any certificate be worn out, defaced, destroyed or lost, a new share certificate may be issued in lieu thereof on payment of a fee of Rs 100/- 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.

### 12. **Admission Fee**

Every member shall pay a one-time admission fee of Rs. 100/-. No admission fee need be paid on share allotted to the Government of India and National Film Development Corporation.

### 13. **Withdrawal from membership**

Any member of NAFFAC may withdraw from membership of NAFFAC only after three years by giving at least three months notice and duly approved by the Board of NAFFAC. The total amount of share capital permitted to be withdrawn from among the members in any one year shall not exceed 5% of the aggregate share capital contributed by members as on the last day of the preceding cooperative year.

### 14. **Cessation of membership**

The membership of NAFFAC may cease in case of :

- (i) cancellation of registration of the member society;
- (ii) all the shares are transferred to another society;
- (iii) expelled by the general body;
- (iv) incurring any of the disqualifications of membership.

### 15. **Expulsion/Termination/Disqualifications of Members :**

- (a) Membership of the society may be terminated by a resolution of the general body passed by 2/3<sup>rd</sup> majority present and voting if :
  - (i) any member has defaulted in payment of dues as per bye-laws of the society for a continuous period of one year;
  - (ii) any activity of a member is found to be conflicting or competitive with the interest or activities of the society.
- (b) No person shall be eligible for being or continuing as a member of NAFFAC if:
  - (i) his business is in conflict or competitive with the business of NAFFAC; or



- (ii) he did not attend the three consecutive general meetings and such absence was not condoned by the 2/3<sup>rd</sup> majority of the members attending the meeting; or
  - (iii) has defaulted in payment of all dues including contributions, subscriptions, if any, as decided by the board of the society from time to time.
- (c) An expelled member shall not be re-admitted as member of NAFFAC for a period of one year.
16. Before expulsion, the member society to be expelled shall be given a reasonable opportunity to make representation in the matter.

#### 17. **General Body**

- (i) The General Body of NAFFAC shall consist of one representative each of the members admitted under Bye-law No. 6.1. Each member-society shall be represented by one delegate elected/nominated to the general body as specified in the Bye-laws of the society;
- (ii) Such delegate of the society shall be the Chairman/President or the Chief Executive of the society or a member of the Board of such cooperative society if such member is authorised by the Board of the nominating society. Where there is no Board, such society shall be represented through its administrator by whatever name called;
- (iii) The delegates shall continue to be members of the General Body of the society for a period of 5 years from the date of election or till their successors are elected or as specified in the nomination by the concerned member society.
- (iv) The procedure for election/selection of delegates on the General Body shall be in accordance with the election/selection regulations framed by the Board of Directors in accordance with the provisions of the Act & Rules framed thereunder.
- (v) The delegate of a member society which has not been a member of the society for atleast 30 days before the date of General Body Meeting may attend the General Body Meeting but shall not be eligible either to exercise the right to vote, participate in the election or to contest election for any post;
- (vi) Delegates from defaulting member societies shall not be entitled to exercise the right to vote or to seek election to any office. The delegates of defaulting society, if holding any office of the society shall forfeit their right to hold such office w.e.f. the date on which the society becomes defaulter under these bye-laws provided, due notice has been given to the defaulting society and it has failed to pay its dues within 30 days after the receipt of notice.

#### 18. **Instrument of Nomination**

Every member society, the Central Government and other organisations eligible to send their representatives, as per bye-law No. 17 (i) shall nominate their representatives on the General Body of the society and serve copies of the resolution of the competent authorities or copies of the instrument of nomination shall be sent to the Managing Director. Such resolution/instrument shall specify the period for which nominees continue to represent them.

**19. I. Annual General Meeting**

The final authority of NAFFAC shall vest in the General Body. The Board of NAFFAC under a resolution shall within six months after the close of the corresponding year call the Annual General Body Meeting at the principal place of business.

**II. Special General Meeting of General Body**

- (1) The Managing Director may, at any time, on the direction of the Board, call a special general meeting of the society and shall call such meeting within one month after the receipt of a requisition in writing from the Central Registrar or from one-fifth of the total number of members, as may be provided in the Bye-laws.
- (2) If a special general meeting of the society is not called in accordance with the requisition referred to in sub-section (1), the Central Registrar or any person authorised by him in this behalf shall have the power to call such meeting and that meeting shall be deemed to be a meeting called by the Managing Director in accordance with the provisions of that sub-section and the Central Registrar may order that the expenditure incurred in calling such meeting shall be paid out of the funds of the society or by such person or persons who, in the opinion of the Central Registrar, was or were responsible for the refusal or failure to convene the special general meeting.

**III. Notice for the General Meetings and Special General Meetings**

- (a) Annual General Meeting of NAFFAC may be called by giving not less than 14 days notice in writing to all the members of NAFFAC;
- (b) Special General Meeting of NAFFAC may be called by giving not less than 7 days notice in writing to all the members of NAFFAC;
- (c) The notice for the meeting of the Annual and Special General Body shall be deemed to have been given after expiry of 24 hours after the meeting notices are sent by U.P.C. to the representatives, provided the proof of such posting is retained in the office.
- (d) The notice of the Annual General Meeting 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.

**IV. Quorum of the Meeting**

- (i) The quorum for the general meeting shall be one fifth of the total number of delegates of the general body;
- (ii) 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;

- (iii) 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;
- (iv) 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;
- (v) Where a meeting is adjourned under sub-clause (iii) or (iv) 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 within seven days from the date of the adjourned meeting.
- (vi) No business shall be transacted at any adjourned meeting other than the business on the agenda of the adjourned meeting;
- (vii) The adjourned meeting will transact its regular business even without the quorum being present at the meeting.

## 20. Powers of the General Body

Without prejudice to the provisions of the preceding bye-laws, the duties and powers of the General Body shall be :

- (a) consideration of the audited statement of accounts;
- (b) consideration of the audit report and annual report;
- (c) consideration of audit compliance report;
- (d) disposal of net profits;
- (e) approval of appointment of Auditors and fixation of remuneration;
- (f) review of operational deficit, if any;
- (g) creation of specific reserves and other funds;
- (h) approval of the annual budget;
- (i) review of actual utilisation of reserve and other funds;
- (j) creation of specific reserves and other funds;
- (k) approval of the long-term perspective plan and the annual operational plan;
- (l) review of annual report and accounts of subsidiary institution, if any;
- (m) expulsion of members;
- (n) list of employees who are relatives of members of the Board or of the Managing Director;

- (o) amendment of bye-laws, if any;
  - (p) formulation of code of conduct for the members of the board and officers;
  - (q) election of members of the board, if any;
  - (r) appointment and fixation of remuneration of auditors;
  - (s) At every annual general meeting of the society, the Board shall lay before the society a statement showing details of the loans or goods on credit, if any, given to any of the members of the board or to the spouse or a son or daughter of a member of the board during the preceding year or outstanding against him or against such spouse or son or daughter of the member of the board.
  - (t) any other matter laid before it, by the Board of Directors.
21. The minutes of the General Body duly signed by the Chairman and Managing Director of the meetings shall be maintained.

## 22. Amendment to Bye-laws

Any amendment to 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 thirds of the members present there at and not less than 15 clear days' notice for the consideration of such amendment has been previously given.

## 23. Board of Directors

- (I) Subject to the provisions of the Act, Rules and these bye-laws the management of the affairs of NAFFAC shall vest in a Board comprising 21 Directors and co-opted Directors, which shall be constituted as under:
  - (a) Two Directors elected by and from amongst the delegates of the member film cooperatives.
  - (b) Two Directors elected by and from amongst the delegates of the State Cooperative Unions.
  - (c) Four Directors elected by and from amongst the delegates of National Level Cooperative Societies.
  - (d) Three Directors elected by and from amongst the delegates of multi-state Cooperative societies, other than national level cooperative societies.
  - (e) Four Directors elected by and from amongst the delegates of state level cooperative organisations other than the state cooperative unions and state film cooperatives.
  - (f) Two Directors elected by and from amongst the delegates of district level cooperative organisations.
  - (g) One Director elected by and from amongst the members at Bye-law No. 6. I. (i)
  - (h) Two Directors elected by and from amongst the members at bye-law No. 6.I. (k).
  - (i) Managing Director to be ex-officio member of the Board.

(j) Two eminent persons to be co-opted by the Board of Directors.

(k) Two subject matter specialists may be invited by the Board in any of its meetings.

**(II) Term of the Board of Directors**

The term of the office of the elected Members of the Board of Directors shall be 5 years from the date of election. Provided that elected members shall continue to hold office till their successors are elected or nominated under the provisions of the Act or Rules or Byelaws and assume charge of their office. The elected members of the Board shall be eligible for re-election.

(III) The members of the New Board shall elect from among its members, one Chairman and two Vice-Chairmen immediately after completion of elections of the members under bye-laws.

**(IV) Meetings of the Board of Directors**

(i) The Board of Directors shall meet at least once in every quarter;

(ii) The meetings of the Board of Directors shall normally be held at the registered office of NAFFAC. In exceptional cases, the meetings of the Board may be held at any other place as decided by the Board;

(iii) The meetings of the Board of Directors shall be presided over by the Chairman or in his absence by one of the Vice Chairmen and in the absence of the Chairman & both the Vice-Chairmen, the Directors present in the Meeting shall elect a Chairman for the Meeting from among themselves;

(iv) 14 days notice shall ordinarily be necessary for the meeting of the Board of Directors. However, in case of emergent issues, urgent meetings may be called on shorter notice;

(v) The quorum for the meeting of the Board of Directors shall be seven.

(V) The Board of Directors shall constitute an Executive Committee and other committees or sub-committees as may be necessary. Provided that other committees or sub-committees, other than the Executive Committee shall not exceed three at a given point of time.

(VI) Removal of elected members of the Board by the General Body – An elected members of the Board, who has acted adversely to the interests of the society, 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.

**(VII) Filling up of vacancy in the Board**

If any vacancy arises in the Board of Directors, it shall be filled by election by the members in the General Body for the remaining unexpired term of the Board.

## (VIII) Resolution

Unless otherwise specifically provided in the Act, Rules and bye-laws, resolution shall be carried out by majority of votes. Votes shall be taken by show of hands unless five members demand poll in which case a poll shall be taken. However, election of Board of Directors shall be held by secret ballot as per the procedure mentioned in the election schedule annexed to MSCS Rules, 2002.

### 24. Disqualification for being a member of the Board

- (1) No member of NAFFAC shall be eligible for being chosen for being a member of the Board of NAFFAC if he :
- (a) has been adjudged by a competent court to be insolvent or of unsound mind;
  - (b) is concerned or participates in the profits of any contract with the society;
  - (c) has been convicted for an offence involving moral turpitude;
  - (d) holds any office or place of profit under the society

Provided that the Managing Director or such full-time Employee of the society as may be notified by the Central Government from time to time or a person elected by the employees of such society to represent them on the Board of such society shall be eligible for being chosen as, or for being, a member of such Board;

- (e) has been a member of the society for less than twelve months immediately preceding the date of such election or appointment;
- (f) has interest in any business of the kind carried on by the society of which he is a member;
- (g) has taken loan or goods on credit from the society of which he is a member, or is otherwise indebted to such society and after the receipt of a notice of default issued to him by such society, has defaulted –
  - (i) in repayment of such loan or debt or in payment of the price of the goods taken on credit, as the case may be, within the date fixed for such repayment or payment or where such date is extended, which in no case shall exceed six months, within the date so extended, or
  - (ii) When such loan or debt or the price of goods taken on credit is to be paid in instalments, in payment of any instalment, and the amount in default or any part thereof has remained unpaid on the expiry of six months from the date of such default :

Provided that a member of the board who has ceased to hold office as such under this clause shall not be eligible, for a period of one year, from the date of which he ceased to hold office, for re-election as a member of the board of the society of which he was a member or for the election to the Board of any other society;

- (h) is a person against whom any amount due under a decree, decision or order is pending recovery under this Act;
  - (i) is retained or employed as a "legal practitioner" on behalf of or against the Society, or on behalf of or against any other society which is a member of the former society.
  - (j) has been convicted for any offence under this Act;
  - (k) is disqualified for being a member under section 29 of the MSCS Act, 2002;
  - (l) has been expelled as a member under section 30 of the MSCS Act, 2002 of the MSCS Act, 2002;
  - (m) absents himself from three consecutive board meetings and such absence has not been condoned to by the Board;
  - (n) absents himself form three consecutive general body meetings and such absence has not been condoned by the members in the general body.
- (2) A society shall not be eligible for being elected as member of a board of a multi-state cooperative society for a period of five years if the board of such multi-state cooperative society fails –
- (a) to conduct elections of the board under section 45 of the MSCS Act, 2002; or
  - (b) to call the annual general meeting under section 39 of the MSCS Act, 2002; or
  - (c) to prepare the financial statement and present the same in the annual general meeting.

## 25. Powers & Functions of the Board of Directors

- (i) To admit members;
- (ii) To elect Chairman and Vice-Chairmen of NAFFAC;
- (iii) To authorise convening of meetings of the General Body/Special General Body;
- (iv) To interpret the organisational objectives and set-up specific goals to be achieved towards these objectives;
- (v) To make periodic appraisal of objectives;
- (vi) To appoint, suspend or remove the Managing Director and such other employee of the society as may be prescribed;
- (vii) To make provisions for regulating the appointments of employees and the scales of pay, allowances and other conditions of service, including explanatory action against such employees;
- (viii) To place the annual report, annual financial statements, annual plan and budget for the approval of the general body;

- (ix) To consider audit and compliance report and place the same before the general body;
- (x) To acquire or dispose off immovable property;
- (xi) To review the membership in other cooperatives;
- (xii) To approve annual and supplementary budget;
- (xiii) To recommend to the General Body distribution of profits;
- (xiv) To raise funds;
- (xv) To sanction loans to the members;
- (xvi) To approve the panel of auditors for placing in the General Body;
- (xvii) To appoint such Committees, Sub-Committees or Standing Committees as may be necessary and delegate to them such powers as may be appropriate;
- (xviii) 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;
- (xix) To take such other measures or to do such other acts as may be prescribed or required under MSCS Act, 2002 or the bye-laws of NAFFAC or as may be delegated by the general body.

26. The Board of Directors may delegate any of its powers to the Managing Director or any other Director subject to the ultimate control being retained by the Board.

**27. Executive Committee**

The Board of Directors shall constitute an Executive Committee comprising the following:

- (i) Chairman;
- (ii) Two Vice-Chairmen;
- (iii) Five Directors;
- (iv) Managing Director.

**28. Powers of the Executive Committee**

Subject to such resolutions as may be passed in the meetings of the Board of Directors, the Executive Committee shall have the following powers:

- (i) to prepare annual report, balance sheet and budget of NAFFAC;
- (ii) to arrange for carrying on the administration of NAFFAC and to initiate such action as may be necessary for the execution of the decisions and resolutions passed by the Board of Directors and General Body/Executive Committee;
- (iii) to raise funds of NAFFAC and control its finances.



- (iv) to authorise person/persons to sign the bills, notes, receipts, acceptances, enter into contract and documents on behalf of NAFFAC and operate bank account etc.
- (v) to appoint trustees, attorneys and agent for NAFFAC to defend and institute legal proceedings on behalf of NAFFAC.
- (vi) to acquire, purchase, own or dispose of immovable property by way of sale, lease or otherwise for the furtherance of the objects of NAFFAC.
- (vii) to take action on all administrative matters and also to arrange for the custody of cash.
- (viii) to arrange for recruitment of such categories of staff for NAFFAC as may be determined from time and to deal with all staff matters including promotion / disciplinary action, suspension or removal etc.
- (ix) any other duty or function entrusted by the Board of Directors.

## 29. Meetings of the Executive Committee

The Executive Committee may meet as often as necessary. Five members shall form a quorum in the meetings of the committee. The meetings of the Executive Committee shall be presided over by the Chairman, or in his absence by one of the Vice-Chairmen, and in the absence of Chairman and both the Vice Chairmen, the members present may elect their own Chairman from amongst themselves to preside over the meeting.

## 30. Chairman and Vice-Chairmen

There shall be a Chairman and two Vice-Chairmen elected by the Board of Directors from among themselves. The Chairman and in his absence, one of the Vice-Chairmen shall preside over the meetings of the General Body and the Board of Directors. The term of office of the Chairman and Vice-Chairmen shall be co-terminus with the term of the elected Members of the Board unless the Chairman or Vice-Chairmen cease to be a Director earlier. In case of any vacancy within this period, the Board shall fill up the vacancy through re-election for the unexpired term of the Board.

(A) (1) No member of a Board shall be eligible to be elected as the Chairperson or President or Vice-Chairperson or Vice-President of a society if such member is a Minister in the Central Government or a State Government.

(2) No member of a Board shall be eligible to be elected as the Chairperson or President of a society, 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 Chairperson or President continuously for one full term shall again be eligible for election to the office of such.

(3) Notwithstanding anything contained in this Act, no person shall be eligible to hold, at the same time, office of a President or Chairperson or Vice-President or Vice-Chairperson on the Board of more than two societies.

### (B) Powers and functions of the Chairman

The Chairman shall have the following powers and functions:

- (i) He shall preside over the meetings of the General Body, Board of Directors and Executive Committee;
- (ii) The Chairman shall sign the proceedings of all the meetings presided over by him;
- (iii) In the event of equality of votes on a resolution, the Chairman shall have an additional casting vote in the meeting;
- (iv) To convene the meetings of the Board of Directors, Executive Committee and other committees of which he is the Chairman;
- (v) The Chairman may delegate any of his powers and functions to one of the Vice-Chairmen;
- (vi) The Chairman may take decisions as of an urgent and emergent nature affecting the policy of the society 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.

### 31. **Managing Director**

I. The Managing Director shall be the Chief Executive of NAFFAC and shall be appointed by the Board and shall be a full-time paid employee of the society and shall aid and assist the Board of Directors in its functions. He shall be ex-officio member of all the Committees, sub-committees and sub-groups of the Board of Directors as may be constituted.

II. 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:

- (i) To look after the day to day management of the business of the society;
- (ii) To assist the Board of Directors in the formulation of policies, objectives and planning;
- (iii) 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 implementation of the policies and programmes;
- (iv) To summon meetings of various committees including the general body under the instructions of the Board/Chairman;
- (v) To maintain proper records of NAFFAC;
- (vi) To manage the funds of NAFFAC, cause proper accounts to be maintained and audited;
- (vii) To attend to all correspondence of NAFFAC;
- (viii) To be responsible for collection and safety of the funds;

- (ix) To execute the policies/programmes and business of NAFFAC 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;
- (x) To sign all deposit receipts of NAFFAC with banks in accordance with the resolution of the Board of Directors/ Executive Committee;
- (xi) To endorse and transfer promissory notes and other securities and to endorse, sign, encash cheques and negotiate instruments on behalf of NAFFAC;
- (xii) To be the officer of NAFFAC to sue or to be sued on behalf of NAFFAC and sign all books and arrangements in favour of the society;
- (xiii) To appoint such personnel in NAFFAC as may be approved by the Board of Directors;
- (xiv) To determine powers, functions and responsibilities of the employees of NAFFAC of all categories;
- (xv) To maintain a list of members correct and up-to-date;
- (xvi) 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;
- (xvii) To delegate powers to other officers of NAFFAC;
- (xviii) To sanction contingent expenditure in so far as the amount involved is upto Rs. Five Lakhs; To sign on behalf of NAFFAC and conduct its correspondence;
- (xix) To present the draft annual report and financial statements for the approval of the Board;
- (xx) To record proceedings of meeting and have them duly signed;
- (xxi) 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.

### 32. **Audit**

The accounts of the society shall be audited by an Auditor appointed from the panel of auditors approved by the Central Registrar or from a panel of auditors, if any, prepared by the society at least once in each year and the remuneration of auditors shall be fixed by the Central Registrar or the society as the case may be as per the provisions of Section 70 of the MSCS Act.

The appointment of the Auditor and its remuneration shall be approved in the General Body Meeting of the society. The qualification /disqualification, powers, rights and duties of the Auditor shall be as prescribed under the Act.

### 33. **Disposal of net profit**

- (1) Subject to the provisions of the Act and Rules framed thereunder, the net profits of NAFFAC shall be distributed by the General Body as follows:

- (i) transfer at least 25% of net profit to the reserve fund;
  - (ii) credit one per cent of its net profit to the cooperative education fund being maintained by the National Cooperative Union of India;
  - (iii) An amount of at least 10% of the net profit shall be transferred to the reserve fund for meeting unforeseen losses.
- (2) The balance of the net profit may be utilised for all or any of the following purposes :-
- (a) Payment of dividend to members on their paid up capital at the rate not exceeding a maximum of 12%.
    - (i) The dividend declared shall be paid to the Member whose name stands as the registered shareholder in the books of NAFFAC on the last day of the co-operative year to which the dividend relates.
    - (ii) Dividend shall be proportionate to the amount paid on share and the period in whole months for which the amount stood to the credit of the shareholder.
    - (iii) Any dividend remaining undrawn for three years after having been declared shall be forfeited and shall be carried to the Reserve Fund of the society. Unpaid dividend shall be payable on application provided the same has not been forfeited.
  - (b) contribution to the education fund at the rate of 5% or more and not exceeding 10%. The fund may be utilised for the education and training of members, directors and employees as approved by the Board of Directors;
  - (c) Donation for the development of the cooperative movement or charitable purpose as defined in section 2 of the Charitable Endowment Act 1890 not exceeding 5%.
  - (d) Payment of ex-gratia amount to employees as approved by the Board of Directors;

#### 34. **Miscellaneous**

Should any sum belonging to the society is either stolen or otherwise lost or found irrecoverable it shall be open to the General Body to write off such amounts after obtaining sanction of the Central Registrar.

- 35. The matter which has not been provided for hearing shall be decided in accordance with the provisions of the MSCS Act and Rules.
- 36. The Board of Directors may frame rules of business not inconsistent with the MSCS Act, the rules and these bye-laws for carrying on the work of the society and make additions or alterations in them from time to time.
- 37. In the event of conflict between the bye-laws of NAFFAC and the affiliated societies, the bye-laws of NAFFAC shall prevail. In case of any dispute about the meaning or interpretation of any provisions of the MSCS Act, Rules and these bye-laws, the decision of the Central Registrar shall be final.

38. NAFFAC can be wound up and dissolved only by the order of the Central Registrar in accordance with the provision of the MSCS Act.

39. **Settlement of disputes**

- (i) All the disputes shall be referred to Arbitration in accordance with the provisions of the Multi-State Cooperative Societies Act, 2002 and Rules.
- (ii) The limitation period in disputes shall be as per the provisions of the Multi-State Cooperative Societies Act, 2002.

40. **Educational course for members**

NAFFAC shall organize cooperative educational programmes for its members, directors and employees and sufficient funds in this regard shall be earmarked as per the requirement.

**National Film & Fine Arts Cooperative Ltd.**  
**3, Siri Institutional Area.**  
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