

CHAPTER II

PROFILE THE RURAL CO-OPERATIVE SPINNING MILLS LIMITED

- a) Establishment
- b) Objectives of Establishment
- c) Who are its promoters
- d) Organisation chart and
Functions of Management

2.1 ESTABLISHMENT :

The Deccan Co-operative Spinning Mills Ltd., was registered on third December, 1960 under Bombay State Co-operative Act. It's registered number is P/2975.

The inaugural ceremony of the mill took place at the hands of Late Hon. Dr. S. Radhakrishnan, President of India.

Authorized capital of the mill is of Rs. 50,00,000/-. 5000 shares of Rs. 1000/- each. Its subscribed capital is Rs. 20,00,000/-.

The mill was established with the total spindles of 12,000/- costing Rs. 60/- lakhs. The Deccan Co-operative Spinning Mill is established in the city of Ichalkaranji, Taluka Hatkanagale, District Kolhapur, Maharashtra State. Area covered by the mill is of seventy acres.

Mill has installed Indian as well as foreign machinery. Actual production commenced in the third week of October, 1962.

2.2 OBJECTS OF ESTABLISHMENT :

Aims and Objects of the Establishment

The object of the mill is to carry on the business of spinners and supply of yarn to the shareholder's i.e. individual weavers, weaver's Co-operative Societies, on hanks, cones and

sized beams in proportion to the respective shares as also to sell yarn to others.

a) To acquire, purchase or take on lease any land, to erect and construct on such lands, buildings, houses and sheds, necessary and suitable for working of spinning mill, labour quarters, hospitals, schools, recreation, grounds, canteen etc. So as to meet any other statutory requirements in this regard and to provide by purchase or otherwise machinery and apparatus requisite for efficient working of such a mill.

b) To purchase, prepare, spin, dye, mercerise, manufacture, bleach, print and/or deal in cotton and/or art silk and carry on spinning and other allied processes and to supply/sell the raw and the finished materials.

c) To raise funds in such a manner as the Board of the Management shall think fit.

d) To purchase, either on cash or on credit such raw materials as may be required for the industry and to supply/sell finished products on cash or credit basis and to appoint agents on payment of salary, or otherwise for such purchases and supply/sale and to open depots outside the area of operation of the mill if necessary.

e) To make, accept, endorse and execute promissory notes, bills of exchange and other negotiable instruments.

f) To subscribe for and to hold shares in co-operative societies and other institutions as permissible under the Maharashtra Co-operative Societies Act.

g) To encourage self help, thrift and co-operation among members.

h) To construct and/or rent godowns in the area of operation of the mill as well as in other places for storage and sale of the raw materials and the finished products.

i) To enter into contract with co-operative Societies or individuals or others for the purpose of purchase and sale of raw materials and finished products and to appoint Agents on payment of salary or commission for such purchase and sell.

j) To install machinery for the manufacture of main products and by-products and buy raw materials and sell finished products and by-products in the course of manufacturing.

k) To undertake the work of import of cotton and synthetic fibre and export of finished products.

l) To sell or otherwise dispose of the whole or any part of its business, assets and/or undertaking including its factory buildings, machinery and lands for the benefit of the mills.

m) To undertake research and such other activities as are incidental and conducive to the development of yarn spinning and weaving on powerlooms and handlooms.

n) To do all other things that are incidental and conducive to the attainment of all or any of the above objects and for the establishment and the running of the mill.

o) To undertake subsidiary and allied industries which are conducive to the development and benefit of the mill and for its members.

p) To undertake all such activities which are necessary for the allround development.

2.3 WHO ARE IT'S PROMOTERS :

Promoters :


Promoters are those whose sincere assistance and tireless efforts today a Deccan Mill has been successful construction. The Chief Promoters are Shri A.G. Kulkarni, Shri D.B. Kadam, Shri M.R. Jadhav, Shri M.Y. Datar, Shri P.R. Naik, Shri Y.V. Phadnis, Shri R.D. Govande.

The assistance received from Hon. G.D. Patil, Deputy Minister for Planning and Industries and Shri Vasant Rao Patil, a great political leader and constructive worker of this area in bringing plans to

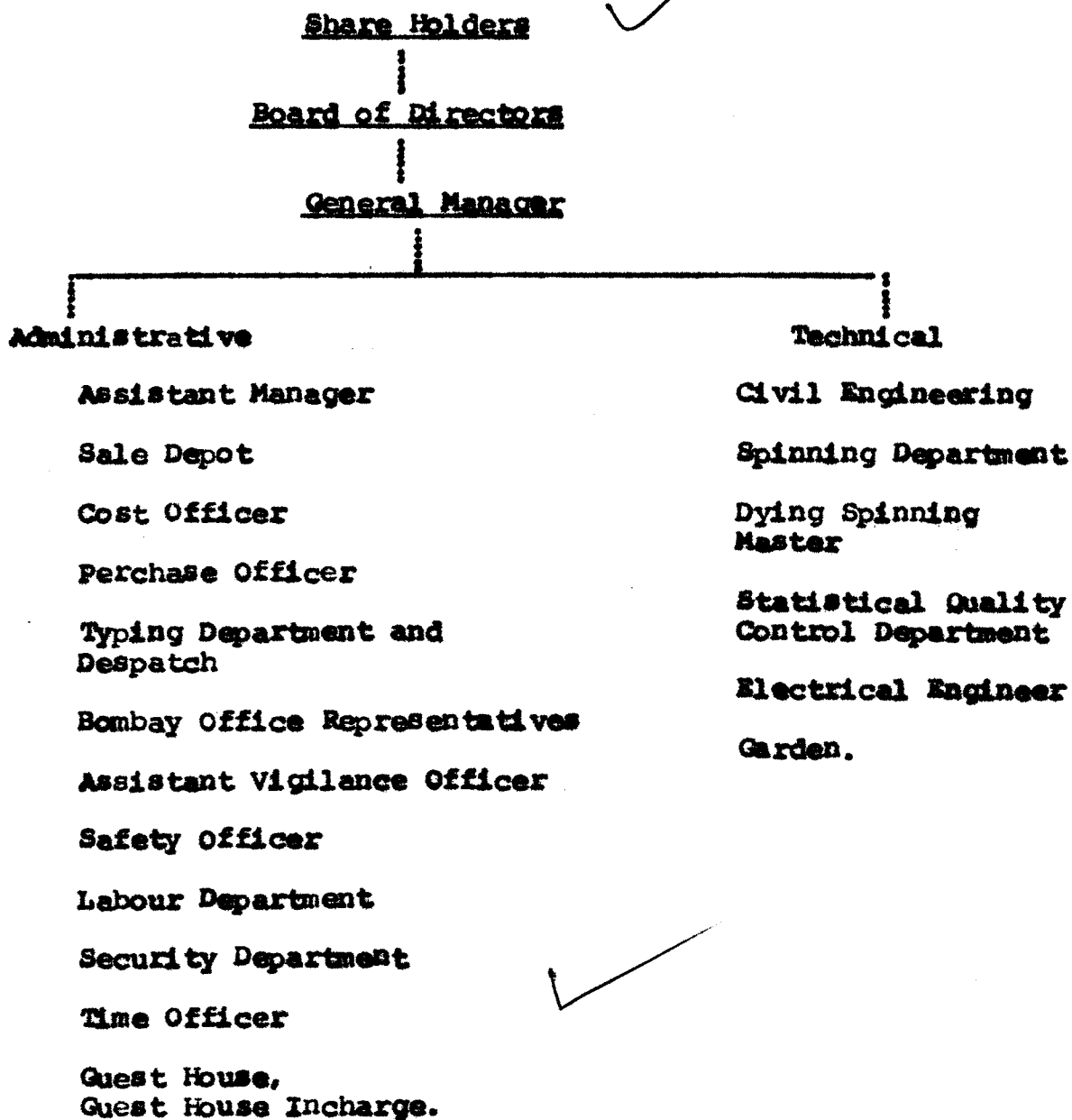
Particular mention must be made of Shri M.G.Kulkarni, Shri Nadkarni, Shri Anantan of Bombay for their help in planning the technical side of the factory and selection of machinery. Shri Govande and his staff for speedy erection of machinery almost in record time. The constructors More and Co. have executed the building work quite efficiently.

Tireless efforts were made by Shri Babji Kulkarni in implementing the scheme.

Shri Govindravji Marathe, Shri Babji Kulkarni, Shri Anant Rao Marathe, Shri Nadkarni, Shri Anantan and the State Governments Shri Sathe, Secretary of Co-operative Department, Shri Akbote, Sub-Secretary, Director G.R. Joshi and Textile Commissioner V.R. Natu etc. guided the mill in selection, purchases and installation of machinery and equipments required.



2.4 ORGANISATION CHART AND
FUNCTIONS OF MANAGEMENT :



A) Membership :

I) (a) The amount of share capital to be raised by the Society shall not exceed Rupees One Crore. There shall be the following types of shares :

1. 'A' Class Shares of Rs. 1,000/- each.
2. 'B' Class Shares of Rs. 1,000/- each.
3. 'C' Class Shares of Rs. 1,000/- each.
4. 'D' Class Shares of Rs. 1,000/- each.
5. 'E' Class Shares of Rs. 1,000/- each.

(b) The value of shares is payable in full along with application. However, the present shareholders should be allowed to subscribe additional share capital by way of contribution on deferred payment basis as will be fixed by the Board of Directors from time to time. A member shall have to subscribe for at least one share.

'A' Class Shares will be allotted to individual powerloom and handloom weavers.

'B' Class shares will be allotted to weavers' Co-operative Societies and Co-operative Societies carrying on pre-weaving including spinning and post-weaving operations.

'C' Class shares will be allotted to other Co-operative Societies registered under the Maharashtra Co-operative Societies Act.

'D' Class shares will be allotted to Government, Apex Co-operative Bank and Central Financing Agencies.

'E' Class shares will be allotted to sympathisers.

Holding of share of Individual Members shall be governed by the Section 28 of the Maharashtra Co-operative Societies Act, 1960. Yarn should be supplied and/or sold to 'A' and 'B' Class members and also to the non-members whenever in the opinion of the Board, circumstances so warrant.

While deciding from time to time the policy the supply/sell the yarn to 'B' class members, the Mill shall take into consideration the number of active looms held by the weavers' Co-operative Society or by the members of such weavers' Co-operative Societies which are the members of the Mill which means the Weavers' Co-operative Society must have a common production programme on its behalf. For this purpose, the Mill may call upon the Weavers' Co-operative Societies to produce periodically returns of common production programme in the prescribed form or otherwise in support of their claims about the active looms. If there is any difference of opinion in that behalf between the Mill and the Weavers' Co-operative Societies, the decision of the Mill shall be final and binding on the Weavers' Co-operative Societies. Individuals as proprietors or partners who carry on the business of spinning mills or of commission agents or adtyas of such mills and firms and companies

carrying on any such business shall not be entitled for being admitted as members.

(e) Any individual shall be admitted as Nominal member on payment of entrance fee of Rs. 5/- only. Such nominal member shall not have any rights of the member.

II) No person shall be a member unless -

- 1) he fulfils the condition under Bye-Law No.8 and his written application for membership has been approved by the Board of Directors;
- 2) he has paid an entrance fee of Rupees five;
- 3) he has subscribed to at least one share as mentioned in Bye-law No. 8. The Promoter members who sign the original application are exempted from Condition No. 9 (1) and (2);
- 4) he has completed 18 years of age.

III) No member shall be permitted to withdraw any of the share though, transfer of shares may however, be permitted to such transferee who is already a member of whom the Board is willing to admit as member. The transfer shall not be operative until it is sanctioned by the Board of Directors. When the Co-operative Society is taken into liquidation or on the death of any member, the Board of Directors may refund the amount of shares to the liquidator of society or to the legal heir of the

deceased person, in case the later does not desire to become a member or is not admitted to membership.

IV) Application for shares shall be made in writing and shall be disposed of by the Board of Directors.

V) The liability of the members of the Mill shall be limited to the share capital subscribed by them.

VI) With the prior approval of the Registrar, Shares may be allotted or issued by the Mill at a premium by a resolution of the Board of Directors and by giving atleast two months' prior notice to the public in a local news-paper. At the end of each year, the premium money thus realised, should be carried to the Reserve Fund.

VII) A person shall cease to be a member on -

- a) death
- b) expulsion from the society
- c) forfeiture of all his shares
- d) transfer of all his shares
- e) acceptance of his resignation of membership and
- f) acquiring disqualification to continue as a member.

A member may be suspended from his membership by the Board of Directors on any one of the following grounds after giving him fifteen days clear notice to show cause as to why such an action should not be taken.

- a) If he or it is a persistent defaulter.
- b) If he or it fails to carry out obligations to the Mill.
- c) If he or it will fully deceive the society by statements.
- d) If he or it is decreed bankrupt or is legally disabled or is taken into liquidation.
- e) If he or it is criminally convicted of an offence involving moral turpitude.
- f) If he or it intentionally does any act likely to injure the interest of the society. ✓

The order of suspension shall be communicated to the member concerned in writing. It will thereafter be placed before the next Annual General Meeting or Special General Meeting for ratification. The member shall be expelled from membership if the General Meeting approves the decision of the Board of Directors and the approval of the Registrar is obtained.

During suspension period a member shall cease to exercise any privileges of membership.

B) General Meeting ✓

I) The Supreme Authority of the Mill shall vest in the General Meeting consisting of delegates from affiliated society, firms and institutions and individual members. Each affiliated

Society or an institution may send to the General Meeting one of its members as its delegate and such delegate and each individual member of the General Meeting shall have such one vote. One-fifth of the total number of members or 25 members whichever is less shall form a quorum. The Chairman shall have a casting vote in case of equality of votes. On all questions, the opinion of the majority shall prevail. ✓

II) (i) The Annual General Meeting shall be convened by the Chairman being authorised by the Board of Directors every year before the end of September by a Notice specifying the place, date and hour of the meeting and business to be transacted. Such Notice shall be given by publication in a local news-paper and a copy thereof shall be posted at the office and shall be sent to each member atleast fourteen days before the date of meeting. In case the Chairman fails to convene the Annual General Meeting any one of the Directors duly authorised by the Board shall call the same.

(ii) In all Annual Meeting, only such members as are admitted to membership on or before 30th June of the preceeding Co-operative Year shall be allowed to take part in the proceedings.

(iii) The Meetings called as per bye-laws Nos. 19 (i) and 19 (ii) shall be known as ordinary general meetings, a special general meeting may be called with a Notice of Seven clear days.

III) The Board of Directors, may, whenever it shall fit and shall on the requisition in writing of the Registrar or of atleast one-tenth of the total number of individual members or 25 whichever is less, call a special General Meeting within one month of the receipt of such requisition by a notice spectifying a place, date, hour of meeting and the business to be transacted.

IV) If a quorum as mentioned in the bye-law No. 18 is not present within half an hour from the time fixed for the meetings, the meeting shall, if called on requisition of members, be dissolved by the Chairman and in his absence by the majority of the members present if not so called the meeting shall stand adjourned to such date, time and place as may be resolved by the members present. If there is not a quorum present at such adjourned meeting within half an hour from the time fixed for the meeting the members present shall form a quorum.

V) No resolution unless so ordered by the Registrar can be brought at a General Meeting :

1. Disturbing the election of the office bearers within six months from the date of such election, and
2. for cancelling a previous resolution of the General Body unless six clear months have expired after the passing of the original resolution.

VI) The Chairman of the Board of Directors, or in his absence, a Director who shall be elected by the Directors present shall be the Chairman of the General Meeting.

VII) The duties of the Ordinary General Meetings shall include the following :

- a) to consider and pass the Annual Report and the Statements of Accounts laid before it by the Board of Directors and to review the work of Mill during the past year,
- b) to declare dividend subject to bye-law 42(B)(iii),
- c) to place the Audit Memo of the Government Auditor and also of the Mills Auditor or Auditors and any business referred to the meeting by the Registrar.
- d) to fix the maximum amount which the Board of Directors may borrow for the purpose of the Mill.
- e) to elect a Board of Directors for the ensuing year as per bye-law No. 26 (A).
- f) to appoint one or more qualified auditors for the ensuing year and to fix their remuneration.
- g) to hear and decide appeals on the decisions and orders of the Board of Directors.
- h) to transact any other business that may be brought forward with the permission of the Chair excepting amendments to bye-laws or dismembering of any person,
- i) and to approve the amendments to the bye-laws proposed by the Board of Directors.

C) Board of Directors

I) (A) The Board of Management shall consist of 12 Directors as under :

- a) 7 Directors elected by 'A' Class members.**
- b) 2 Directors elected by 'B' Class members.**
- c) 1 Director elected by 'C' Class members.**
- d) 2 Directors from amongst workers in the Mills.**

e) In addition to the above, the Board of Management shall have power to co-opt Directors as under :

i) 1 Director nominated by the Central Financing Agency and

ii) Notwithstanding anything to the contrary contained in these bye-laws, so long as any moneys by way of debentures/ loans or any other manner remain owing by the Society to Industrial Development Bank of India (IDBI) or Industrial Finance Corporation of India (IFCI) or the Industrial Credit and Investment Corporation of India Limited (ICICI) or Life Insurance Corporation of India (LIC) or any other financing Corporation of Company or Body (each of which institution is hereinafter referred to as "the Lending Institution" the Lending Institution shall have a right to appoint from time to time one or more persons as Director(s) on the Board of Directors of the Society (which director is hereinafter referred to as "the Nominee Director". The Nominee Director shall not

be liable to retire by rotation. The Lending Institution may at any time and from time to time remove the Nominee Director appointed by it and may, in the event of such removal and also in case of death or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominee Director ceasing to hold office for any reason whatsoever, such appointment or removal shall be made in writing by the Lending Institution and shall be delivered to the Society at its Registered office. The Board of Directors of the Society shall have no power to remove the Nominee Director from office. Each such Nominee Director shall be entitled to attend all General meetings, Board Meetings and meetings of the Committees of which he is a member and he and the Lending Institution appointing him shall also the minutes of all General Meetings. The Nominee Director shall be paid all remuneration, fees, allowance, expenses and other moneys to which other Directors are entitled. Subject as aforesaid the Nominee Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the society, subject, however, to the provisions of the Industrial Finance Corporation of India Act, 1948, IDBI Act and LIC Act. The Nominee Director shall ipso facto vacate his office immediately the moneys owned by the Society to the Lending Institution are paid off or on the Lending Institution ceasing to hold shares/debentures of the society. PROVIDED THAT if the Nominee Director nominated by IDBI, is an officer of the

Reserve Bank of India (RBI) or IDBI, unless IDBI otherwise directs, no sitting fees shall be payable to him but the Society shall reimburse RBI or IDBI, as the case may be the amounts paid or payable under its rules to such Nominee Director on account of travelling and halting allowances and any other expenses for attending any general meeting or any meeting of the Board of Committee.

f) Notwithstanding any thing contained in these Bye-laws, there shall be one Government nominee viz. The District Deputy Registrar, Co-operative Societies on the Board of Directors of the Mills provided that the Govt. nominee shall have no voting right or power of vote and shall work with a view to render guidance and expound Government policies only. He shall however, have the right to get his dissenting views recorded in the minute book on any particular issue.

g) 'A' Class members who have purchased at least one fully paid up share shall be eligible for being elected on the Board of Directors.

No worker in the mill shall be eligible for Directorship unless he holds at least one fully paid up share.

No other society registered under Maharashtra Co-operative Societies Act, 1960, shall be eligible to nominate a candidate on its behalf for Directorship, unless it holds at least two fully paid up shares.

Five members shall form a quorum. The Board shall elect a Chairman and Vice-Chairman from amongst its members and the Chairman shall preside over all the meetings when he is present. In the absence of the Chairman, the Vice-Chairman shall preside and in the absence of both, the members present may elect a Chairman for the meeting from amongst themselves. Every member of the Board shall have one vote. The Chairman of the meeting shall have a casting vote in addition.

Notwithstanding the election of the New Board the Chairman and the Vice-Chairman shall be deemed to hold their offices till the new Board elects office bearers in their places. It shall be the duty of the ~~Managing Director/General Manager/Manager~~ to call the Meeting of the newly elected Board within 30 days of the day of election.

ii) Notwithstanding anything contained in any other bye-laws, elections to the first Board of Directors shall be held by ballot according to the Special Election Rules and Regulations framed for this specific purpose by the Registrar, Co-operative Societies, M.S., Poona, which are appended hereto :

a) The Directors so elected together with the Directors who would sit on the Board in their capacity as nominees shall constitute the First Board of Directors.

b) The First Board of Directors shall hold office for not more than 9 months or till a new Board of Directors

(according to such normal election rules and regulations as may be framed by the first Board and approved by the Registrar) is elected at a Annual General Meeting immediately following the date of the assumption of office by the first Board of Directors, whichever is earlier.

c) The First Board of Directors shall have the same powers as are given to the Board of Director under Bye-Law No. 33.

d) The action of the Chief Promoter or Secretary in convening the First Special General Meeting required to be convened for the purpose of adoption of these amendments relating to the election procedure for the First Board stands ratified. The Chief promoter or Secretary shall also have the powers to convene the 2nd Special General Meeting required to be convened for the election of the First Board of Directors.

e) The provision relating to issue of notice of General Meeting, the quorum there at and adjournment, as specified in bye-laws No. 18 G, 19 and 21 shall be applicable to the special General Meetings held in connection with the election of the First Board of Directors. The Chief Promoter or Secretary shall preside over these Special General Meetings. In his absence, the Meeting shall elect its own Chairman to preside over it.

f) The entire cost of the elections held by the Returning Officers under these bye-laws shall be borne by the Society.

g) The bye-law No. 21 (b) and the Special Election Rules and regulations framed thereunder shall lapse and cease to operate automatically after the first Board of Directors.

III) (A) The Directors elected under Bye law No.26-A shall, hold office for five years at the end of which all the Directors will retire and new elections of the entire Board shall take place. The retiring Directors shall, subject to their fulfilling the conditions laid down in the bye laws, Maharashtra Co-operative Societies Act and Rules thereunder for becoming a Director, be eligible for the reelection. Interim vacancies occurring amongst the elected members shall be filled in by co-opted shall be coterminus with the life of the Board.

(B) The elections of the Board of Directors to be held in the calendar year 1973 and thereafter shall take place in accordance with provision of Section 144 of the Maharashtra Co-operative Societies (amendment) Act 1971 and as amended from time to time.

IV) (A) A member of the Board of Directors shall be deemed to have vacated his office even before the expiry of his normal term if -

1) after receiving a notice of the date of Meeting of the Board, he absents himself at four successive Meetings without taking prior leave of absence for reasons which in the opinion of the Board are satisfactory.

2) he becomes a defaulter in any of the Co-operative Societies which are members of the Mill during term of his directorship.

3) he accepts any place or position of profit or remuneration from the Mill except in his professional capacity as a pleader.

4) he is convicted of criminal offences or offences involving moral turpitude.

(B) No member who has unauthorised arrears outstanding against him or who is convicted of criminal offence of offences involving moral turpitude shall be eligible for election to the Board of Directors or continue to be on the Board of Directors.

V) Vacancies on the Board of Directors from death or any other cause shall be filled up by the Board of Directors by co-option. Such a Director of the Board shall hold office for the unexpired period relating to the vacancy so caused.

VI) No member shall be present or vote on any matter in which he has personal interest.

VII) The Chairman shall be elected annually by the Board of Directors by majority from amongst the elected Directors from 'A', 'B', 'C' category at the ensuing Board Meeting convened by the retiring Chairman within 15 days from the date of Annual General Meeting. On failure on the part of retiring Chairman to convene

such meeting for any cause whatever, the Managing Director/General Manager/Manager shall call such meeting which shall elect its own Chairman for the meeting and he shall have a casting vote in case of equality of votes,

VIII) The Board of Directors shall have the following powers and functions ;

a) to admit or refuse application for membership and transfer and allotment of shares. However, applications for transfer of shares can be refused without assigning any reason.

b) to receive money on deposit for a fixed period and to raise from time to time such sums of money by way of loan as may be required for the purpose of the Mills to such extent and upon such conditions as the Board shall think fit.

In order to make provision for repayment of redeemable Government shares and other loans the Board of Directors shall have the right to collect deposits from members upon such conditions and at such rate as the Board may think fit from time to time. The amounts of such deposits standing

c) to appoint the Managing Director and/or General Manager and/or Manager and other officers and to fix their remunerations subject to the previous approval of the Registrar. Any punishment including deduction or reduction in pay, suspension or dismissal, shall not be awarded to the Managing Director, General Manager or Manager without the previous approval of the Registrar.

d) to purchase or otherwise acquire, lands, buildings, etc., to construct buildings, godowns sheds, quarters for the staff etc.

e) to purchase machinery and stores.

f) to rent or lease the premises of the Mill.

g) to sell such portion of the lands or buildings of the Mill as are surplus to its requirements.

h) to mortgage any property or assets in the course of business of the Mill.

i) to sell machinery or stores belonging to the Mill and not required by it.

j) to institute, conduct, defend, compound or abandon any legal proceedings.

k) To determine the strength of the superior and subordinate staff of the Mill and prescribe their scales of pay and allowances and the security to be obtained from each and to generally regulate their conditions of service.

l) to appoint or remove or dismiss the members of the staff provided that in the case of non-technical employees drawing a basic salary of more than Rs. 500/- p.m. the prior approval of the Registrar shall be obtained.

m) to give pension, gratuity or compensation, to an employee or the employees of the Mill or his or their dependents. The Society will make the rules in this behalf and get the same approved by the Registrar.

n) to open accounts with banks and authorise officer or officers of the Mill to operate on them as well as to draw, accept, make endorse and execute cheques, bills of exchange, promissory notes etc., on behalf of the Mill.

o) to purchase, sell, transfer or endorse, pledge Government and other securities on behalf of the Mill and to draw interest thereon and to delegate for the sake of convenience such of its power by a resolution to the Manager or other officers.

p) to set apart the required sums towards depreciation funds, insurance fund or any special fund to meet contingencies.

q) to purchase cotton and sell waste, to effect supply/sale of yarn on cash and or credit to members and non-members and to appoint agents, brokers etc. for the purchase of cotton, supply and/or sale of yarn and the disposal of waste products.

r) to sanction management expenses and other bills of expenditure.

IX) It shall be the duty of the Board of Directors to maintain or cause to maintain true accounts of the assets and liabilities of the Mill, of the sums of money received and expended and of the sale and purchase of goods in the forms prescribed by the Registrar.

X) It shall be competent to the Board of Directors to frame regulations for the conduct of the business of the Mill consistant with the Maharashtra Co-operative Societies Act, the Rules framed under the Maharashtra Co-operative Societies Act and these bye-laws such regulations shall be entered in the minute book of the Mill and they shall take effect on approval by the Registrar.

XI) The Board of Directors shall have power to constitute one or more committees consisting of Directors of the Mill to frame regulations to regulate the work of these committees.

D) Chairman

The Chairman and in his absence Vice-Chairman of the Mill shall have the general control over the affairs of the Mills. He shall preside over the meetings of the Board of Directors and the General Body. He shall exercise such of the powers of the Board as may be delegated to him.