

MODEL BYELAWS

**FOR
COOPERATIVE VILLAGE ORGANIZATION FOR
FOOD SECURITY AND PRODUCTIVITY
ENHANCEMENT LTD**



**GOVERNMENT OF PAKISTAN
MINISTRY OF FOOD, AGRICULTURE & LIVESTOCK
ISLAMABAD**



BYELAWS

ARTICLE-1

NAME, ADDRESS, AND JURISDICTION

1.1 Name: Name of this organization will be “Cooperative Village Organization for Food Security and Productivity Enhancement Limited”.

1.2 Office Address: Village Organization _____

1.3 Jurisdiction: The jurisdiction of the VO is _____

ARTICLE-2

DEFINITIONS

In these byelaws, unless there is anything repugnant to the subject or context:

2.1 Organization/Village Organization/VO means “Cooperative Village Organization for Food Security and Productivity Enhancement Limited” that is registered under the Cooperative Societies Act, 1925 and Cooperative Societies Rules, 1927.

2.2 Act means Cooperative Societies Act, 1925 and Rules means Cooperative Societies Rule, 1927.

2.3 Registrar means the person who has been appointed under this Act and Rules to discharge the responsibilities of Registrar Cooperative Societies and who has been entrusted with the powers of the Registrar Cooperative Societies.

2.4 Program means "Food Security and Productivity Enhancement Program" which has been formed by the Ministry of Food, Agriculture and Livestock (MINFAL) to improve the Socio-Economic condition of the farmers, and which is being implemented through provincial/district governments through farmers' Village Organizations.

2.5 Association means "Farming Association" which is established by dividing each village in four parts depending on the area to provide basis for the Organization.



- 2.6 Member** means that farmer who does not have ownership of more than 20 acres of land in Punjab province, 25 acres in Sind and Balochistan provinces, 15 acres in N.W.F.P province and 5 acres in AJ&K, FATA and FANA and who has filled out membership form and deposited Rs 50/- as membership fee and paid his share money at the rate of Rs 250 per acre.
- 2.7 "Executive Member"** means that farmer member who has been elected by other member farmers as Chairman or Vice Chairman of Farming Association and who is member of the Executive Council of the Cooperative Village Organization
- 2.8** All other words and terms which are used in these byelaws have the same meanings as meant in the Cooperative Societies Act, 1925 and Cooperative Societies Rules, 1927.

ARTICLE 3

PROGRAMME AND OBJECTIVES

3.1 Program

Government of Pakistan has prepared an integrated development programme for improving the agricultural production and income of farmers. It is being named as "Productivity Enhancement & Food Security Program". This programme will work on the basis of practical participation of farmers (Participatory Approach) where small farmers are its main focus. Under this program, farmers will be organized under a five years development project. A Revolving Fund will be established for the financial assistance of farmers so that productivity enhancement program could be continued and loan issued to its members by the VOs after completion of the project.

3.2 Objectives of The Program

- a. To alleviate poverty at village level by improving socio-economic condition of the VO member farmers and ensure food security through improving agricultural productivity.
- b. To Organize farming community under the principle of cooperation creating awareness amongst them about collective working so that they can participate in collective efforts for rural development.
- c. To Establish a Revolving Fund at village level and through it provide micro credit timely and promptly to member farmers so that they can continue the collective efforts of productivity enhancement at village level and improve their socio-economic condition on sustainable basis.

3.3 Components of the Program

i. On-Farm Water Management:



- a. Help improve the watercourses and introduce interventions to increase water use efficiency.
- b. Leveling of lands with the use of laser technology.
- c. Improve water use through furrow bed irrigation and other such technologies.
- d. Water scheduling according to irrigation water estimations
- e. Use of minimum and zero tillage technology.

ii. Input Management:

- a. Use of improved and certified seed.
- b. Application of appropriate and balanced use of fertilizers.
- c. Adoption of plant protection measures.
- d. Use of modern farming technologies, farm implements and machinery.
- e. Introduction of high value crops.
- f. Use of group extension approach for training of farmers.

iii. Income Diversification Methods:

- a. Small scale poultry farming
- b. Bee-keeping
- c. Raising Agro-forestry and horticultural nurseries
- d. Growing off season vegetables and mushroom culture
- e. Fish farming
- f. Production of certified seed
- g. Livestock raising, health and milk collection
- h. Promotion and establishing dairy farms
- i. Initiation of agro-based household industries

iv. Human Resource Development:

Training of farmers for improved production technologies and modern methods of On-Farm Water Management

v. Field Survey:

- a. Conducting benchmark survey at village level for inputs use and productivity levels
- b. Conducting socio-economic constraint analyses

vi. Agricultural Marketing

- a. Take various measures to improve marketing of agricultural produce of member farmers.
- b. Form marketing groups and training them to get better price of their produce.
- c. Create linkage with various government and private marketing institutions/ organizations.

3.4 Crops and Other Matters

- i. Under this program, main focus will be given to food and cash crops



such as: wheat, maize, potato, rice, oilseeds, pulses, vegetables, fodders, sugarcane, cotton and orchards.

- ii. Beside crops, matters related to livestock farming, health and increase in meat and milk production are also included in the program.

ARTICLE 4

ORGANIZING FARMERS, MEMBERSHIP PROCEDURES AND RESPONSIBILITIES

4.1 Organizing Farmers

Under the Food security and Productivity Enhancement programme farmers shall be organized at village level to form Cooperative Village Organization (VO). These bodies shall be registered under the Cooperative Societies Act 1927 thereby they shall assume the status of corporate bodies. So this organization shall be able to sue and to be sued. It shall be legally entitled to keep property in its name, enter into business contract with any institution that is imperative to fulfill objectives and aims of its byelaws and able to sell the pledged property of the defaulter members to meet loan losses.

4.2 Conditions for Membership

- i. All those farmers of a village are entitled to become member of this organization who do not have ownership of land more than 20 acres of land in Punjab province, 25 acres in the provinces of Sind & Baluchistan, 15 acres in the province of N.W.F.P and 5 acres in AJ&K, FATA & FANA and who have deposited their money share at the rate of Rs 250 per acre and 50 rupees as registration fee.
- ii. Those farmers who own land up to 25 acres but do not do farming themselves and they also do not reside in the village (absentee landlords) they will not be entitled to become members. However, the tenants of such lands can become member of the VO on the guarantee of the land-lord for repayment of their loans in case of default.
- iii. Members of any other such organization which advances loan will not be entitled to become the member of the VO until they provide proof of cancellation of membership and clearance of all loans and dues of that organization and become regular members of the Cooperative Village Organization.
- iv. On the receipt of application for membership, the Executive Council of the VO will decide the fate of application within ten days. Reasons will be recorded and communicated in case of rejection of the request. The decision



of the Executive Council in this regard will be final. Membership of such members will be liable to the clearance of General Body of VO. Its intimation will also be given to Registrar.

- v. Every member will nominate his heir, man or woman, who will be entitled to become member after his death. The nominating member can change the nomination with his written request. Such change will be duly endorsed in the register of membership. For the verification of such change, the member will sign or put his thumb impression on the membership register. In case of becoming the member of such nominated person, the inherited share of the late member after subtracting the dues of the VO shall go to the nominated members or to the legal heirs of the deceased member.
- vi. Any member can transfer his share to any other person who is entitled to become member of the VO and whose request of membership has been accepted by the Executive Council. Such transfer will be liable to the clearance of the General Body. The amount of share will not be more than the amount received by the VO as his share money. The Executive Council can refuse the request of such transfer with out giving any reason.
- vii. Every member will have the right of one vote. But the defaulter member shall not be allowed to participate in the General Body meeting and will lose the right of vote.
- viii. At the time of membership, the applicant will submit an affidavit in favor of VO declaring his immovable property and willingness of barring it against the dues of VO. Entry of such bar will also be made in the documents of land revenue department. The property or part of the property declared in the affidavit can not be transferred during the membership. VO will have the first right of bar equivalent to the amount of his dues. The member, however, can change his affidavit any time with the permission of the VO as per Section 17-A of the Cooperative Societies Act, 1925.

4.3 Procedure for Obtaining Membership

All interested farmers will apply for membership by filling out a membership form which will be available in the office of VO. He will verify that he fully agrees with the objectives of Food Security & Productivity Enhancement Programme and that he will fully comply with the byelaws of the VO. The applicant will submit, along with his application, two attested photocopies of his national identity card, bank receipt of his money share after depositing it in the Revolving Fund at the rate of Rs 250 per acre for the first year and a permanent affidavit of returning loans in time on a 20 Rupee judicial paper which will be attested by an Oath Commissioner. In addition, he will deposit Rs 50/-, non-returnable, as membership fee. This money will be deposited in the Revolving Fund. The applicant will get his application form verified from the concerned PATWARI that



he does not own more than the area specified in Clause 4.2(1). He will also undertake that he is not a member of any such other organization and that his land is not under bar with any other organization for the sake of any loan. In addition, he will also attach Fard Jama Bandi of his land (current) along with his application.

4.4 Cancellation of Membership

- i. For not paying full amount of his money share.
- ii. In case of death or becoming insane.
- iii. Abandoning residence in the business area.
- iv. On selling out his land or increasing his landholding more than the ownership limit.
- v. At serving a notice to Secretary of the VO for discharging his name as member only if he is not indebted to the VO or does not owe any outstanding dues to the organization or not a surety of any other indebted person.
- vi. That member who is defaulter for two consecutive crop loans or who commits an act which is considered dishonesty by the Executive Council or General Body or an act which is against the interests and objectives of the VO.
- vii. On bankruptcy
- viii. On becoming member of any other loan advancing limited or unlimited society/institution.

4.5 Constituting Executive Council of the Village Organization and Its Duration

i) Executive Council will comprise of seven members of more than 21 years age including President, Vice President, secretary, and four Executive Members. Each village shall be divided in four equal parts on the basis of population, area and geography. To ensure equal representation one member shall be elected from each of the division of the village. Whereas, President, Vice President and Secretary shall be elected on the village level. The entire election process shall be conducted on the same day and at the same time. Executive Council shall be elected for a period of 3 years. The concerned Agriculture Officer Extension shall be ex-officio member of the Executive Council of the VO but he shall not have the right to vote. His role in the Executive Council shall be that of the agriculture expert and observer.

ii) In case elections are not held in time, for any unavoidable reasons, the present Executive Council will continue for another six months within which holding new elections will be must. On the expiry of maximum period (3 years and 6 months) the ex-Executive Council will be considered as terminated. In such case, the



Registrar Cooperative Societies under Rule 48 of the Cooperative Societies Rule 1927 will be empowered to nominate an interim Executive Council who will be entitled to exercise all powers vested in the Executive Council under the law. The interim body will convene a General Body meeting and make arrangements for holding new elections within 60 days. On completion of election of new Executive Council, the interim body will stand terminated automatically. The members of the previous Executive Council shall be eligible to take part in the elections to be held after three years.

iii) If a member of the VO, in any capacity, is a government servant of autonomous or semi-autonomous organizations (Federal/ Provincial/District) or is Nazim or Naib Nazim of District or Union Council or he is MNA, MPA or holding any other position in federal, provincial or local Governments, he will not be eligible to become an Executive Member of Executive Council or hold any other position of the VO.

4.6 Election of President and Vice President of VO, length of tenure and powers

Members of the VO (General Body) will elect President, Vice President and Secretary of their Executive Council. Presence of 51 percent members of the VO will be the basic condition to meet the quorum necessary for this election. Simple majority of the present members will be required to win the election. President and Vice President will be elected for a period of three years. Members of the previous Executive Council shall be eligible to contest in the election to be held after three years. They can be elected for these positions for the second and the third time. But they can not be elected for these positions for the fourth term. Elections shall be conducted through an election authority comprising Assistant Registrar Cooperative of the concerned Tehsil (as Chairman), Deputy District Officer agriculture (Extension) and the Agriculture Officer (Extension) concerned. Executive Council shall run the affairs of the organization through the President. However President shall be bound to accept the decisions of the Executive Council. In case of non unanimity decision of the President shall be final. President shall preside over all the meetings of the Executive Council. The President shall exercise all powers vested in his position. This will be the responsibility of the President to fulfill the aims and objectives of the Food Security and the Productivity Enhancement Programme. The President shall have the authority to sign all the agreements, assignments and documents on behalf of the organization. The President shall also accomplish the casual matters pertaining to his office. In the absence of the President Vice President shall discharge the duties of the President and exercise his powers. In case of unsatisfactory performance they can be removed with 2/3rd majority of the present members. For this meeting 51 % presence of the members shall be necessary to complete the quorum. The Secretary of the organization shall convey this change to all members in writing.



4.7 Selection Of Secretary And His Responsibilities

The Secretary VO should be at least Matric. He will be elected for a term of three years which can be extended for further two terms of three years. However he shall not be elected for the fourth term. In case of his unsatisfactory performance Executive council with mutual consultation can remove him at any time. In his place a new secretary could be selected. The Secretary shall record the minutes of all meetings and shall keep the office record in order. Until appointment of the RF Accountant the Secretary shall also discharge the responsibilities of the RF. In such a case salary of the RF Accountant shall be paid to the Secretary with the approval of the Executive Council under the procedure. He will also have following responsibilities:

- i. Look after the books, registers and documents of the VO as enlisted in clause 4.14 and keep them in order
- ii. Receive loan from the indebted members.
- iii. Issue notices for meetings of General Body and Executive Council and remain present in these meetings.
- iv. Record minutes of meetings of General Body and Executive Council and signing these minutes.
- v. Make entries in the books and registers of the VO and verify these entries as per rule.
- vi. Observe proper quality of the purchased material and make arrangements for its proper storage.
- vii. Keep record of salaries of staff of VO and disburse the salaries to them.
- viii. Deposit the earnings from ISMC & FSC in the Revolving Fund on daily basis.

4.8 Procedure for Resignation from Membership

Any member or office bearer of the VO can resign any time from his position/ membership by giving an advance notice of one month. The resignation should be addressed to the President of the VO. The Executive Council will have the authority to accept or reject it. If President himself wants to resign, his resignation will also be accepted by the Executive Council. However, his resignation will finally be approved by the concerned District Officer Agriculture (Extension) or he can send back for review.

4.9 Responsibilities and Powers of Executive Council of the Village Organization

- i. Executive Members of the Executive Council or those members who have been selected by the VO for various committees from time to time shall perform their duties in good faith, belief, honesty and best interest of the VO and its members.
- ii. Open and operate a bank account for Revolving Fund (RF).



- iii. Establish and operate an Input Sale and Marketing Centre (ISMC).
- iv. Work out farm input requirements at village level for planting of each crop on the basis of their past experience and by discussion with the member farmers and by seeking guidance from staff of Agriculture Extension Department.
- v. Arrange purchase and supply of inputs, i.e., seed, fertilizer and pesticides/ herbicides after operation of RF is started by the VO. The Executive Council will also be responsible for safe custody and sale of inputs.
- vi. Establish and operate Farm Services Center (FSC).
- vii. Keep record of all income, expenditure and transactions and prepare annual balance sheet and present it in annual General Body meeting.
- viii. Carefully examine the audit reports and initiate necessary actions in their light.
- ix. Call General Body meeting.
- x. Construct new buildings or take buildings on rent to achieve the objectives of the VO and look after these buildings.
- xi. Constitute sub-committee or committees to work for the VO and assign necessary powers/authorities to them as per need.
- xii. Formulate policies and business rules and other regulations to achieve various objectives of the VO and using these after their clearance from General Body.
- xiii. Record proceedings of committee meetings in minutes book and obtain signatures of the President and other present members of the committee.
- xiv. Recruit staff as per need from time to time to run the office and business affairs. Decide about their qualifications and determine terms and conditions of service and their salaries. Executive Council, however, will keep the income and expenditure of VO in view while taking such decisions so that organization does not go in loss and can run its business in profitable way.
- xv. Authorize a member, office bearer or an employee to lodge a legal suit from the VO side and defend any such action against the VO.
- xvi. Recommend nomination of a suitable person for the post of “Revolving Fund Accountant” to run Revolving Fund affairs and engage a “Farm Services Supervisor” to look after and run the farm services center.



- xvii. Settle the terms and conditions and time period for which loan is to be disbursed, except or reject the guarantee, make arrangements for the recovery of loans and profits. If necessary, renew the loan agreements and monitor that the loans disbursed are used for the purpose for which these were advanced.
- xviii. Implement all the decisions taken in the meetings of VO.
- xix. Hold meetings with the representatives of Government officials, private sector, banks and NGOs to discuss and resolve the problems of the village.
- xx. Run affairs and business of VO according to the byelaws and plan in such a way so that the affairs and business of the VO can be run in a profitable manner.
- xxi. Monitor the work of “Revolving Fund Accountant” and “Farm Services Supervisor” and evaluate their performance.
- xxii. Evaluate performance of Committees constituted from time to time for various assignments according to laid down terms and conditions.
- xxiii. If needed, propose appropriate amendments in byelaws to improve the performance of Revolving Fund and the VO.
- xxiv. On behalf of the VO, purchase shares of Provincial Cooperative Bank or other registered cooperative societies.
- xxv. To run business of the VO, the Executive Council will act like a corporate entrepreneur. And will be responsible for any loss which occurs to the VO in defiance of Cooperative Society’s Act 1925, Rules there under of 1927 and byelaws of the VO.
- xxvi. After the approval of the General Body, the VO will be entitled to get into a business agreement with any bank, financial or government institution/ organization, and will be able to get loans from such organizations to run various business enterprises of the VO for the benefit of its members.

4.10 Meeting of Executive Council of Village Organization

Executive Council of VO will meet at least once during the first week of each month. Presence of 75% Executive Members of the VO will be the pre-requisite to complete the quorum. Decisions taken with simple majority of present Executive Members will be implementable. Revolving Fund Accountant and Farm Services Supervisor shall also attend these meetings as their mandatory duty. Representatives of Cooperative Department, Agriculture Extension, On-Farm Water Management, Seed Certification Department and other concerned Government Officials could specifically be asked to attend the meeting if needed. In each



meeting, the VO will review the performance of RF, ISMC and FSC and stocks available therein. It will also discuss issues relating to the programme and member farmers and take decisions for their solutions. Minutes of each meeting will be regularly recorded in the minutes book, read in the meeting and then signed or imprinted thumb impression by each present member and other participants. Any Executive Member who will not attend three consecutive meetings, without prior written leave of absence, will lose his position automatically as Executive Member of the VO. Under such situation, the VO will co-opt a new Executive Member subject to the approval of the General Body in its next meeting. Additional meetings of Executive Council can be held as and when needed.

4.11 General Body Meeting of Village Organization

A formal meeting of General Body of the VO will compulsorily held once in a year between 1st July and 30th September. A written notice will be served to all members preferably fifteen days prior to the date of meeting including agenda items. In this meeting, Executive Council will obtain approval of the General Body for its all decisions taken from time to time during previous year and will also seek approval of its budget and action plan prepared for the next year. Moreover, it will also discuss the issues related to member farmers and village welfare and find out their solutions. Presence of at least 51% members of the VO will be required to meet the quorum. In General Body, all decisions will be taken with simple majority of present members.

4.12 Compensation for Services

Except as provided in these byelaws no employee, member, Executive Member, Vice President or President of VO can receive, directly or indirectly, any salary, compensation, or gift from the project/programme for the services rendered by them. However, the Executive Council of VO may authorize the payment of reasonable expenditure incurred by someone during performance of his duties as and when assigned by the Executive Council. Nevertheless, this section does not prohibit payment of salary to anyone as employee of the organization which is provided in the byelaws.

4.13 Disputes

Disputes which may emerge regarding the byelaws or business of the VO or such disputes are amongst the ex-members and present members of the VO or between those persons who have claims through these members or among those persons and the Executive Council or related to some officer, will be presented to the Registrar Cooperative as mentioned in Cooperative Societies Act 1925 and Rules of 1927.

4.14 Documents and Books

The Village Organization shall keep following documents in its designated office:



- i. A copy of the byelaws of the VO and registration certificate.
- ii. List of all members, a complete record of duly filled registration and membership forms and one membership register having names of all members.
- iii. All documents, books, stock registers, application forms, cash book and receipts pertaining to the accounts of RF, ISMC, and FSC.
- iv. Bio-data/service record of employees of the VO such as Supervisor Farm Service Centre and RF Accountant.
- v. Complete record of minutes of the proceedings of regular and General Body meetings.
- vi. Record of all official correspondence.
- vii. Introductory Brochure on Food Security & Productivity Enhancement Program and other record about the VO.
- viii. Register for shares and register indicating maximum credit limits for each member, Rokar, Khata Behi, Register Tamasak, and Register of Members.
- ix. A copy of passbook obtained from district Revenue Department/Bank concerned.
- x. Annual accounts and annual balance sheet.
- xi. Other necessary documents related to the VO.
- xii. Rent register of Farm Services Centre.
- xiii. Register of repairs of Farm Service Centre.
- xiv. Record of Input Sales and Marketing Centre.

ARTICLE 5

REVOLVING FUND

5.1 Establishment of Revolving Fund

In every selected village, a “Revolving Fund” (RF) will be established through a five years development project on Food Security 7 Productivity enhancement. From this RF, member farmers will be provided production and income diversification loans, the details of which are given in the project. The money received as membership fee, share money from member farmers and rent of farm implements will also be deposited in this account. This account will be operated by joint signatures of RF Accountant, President of VO and concerned Agricultural Officer (Extension) of the Provincial/district Agriculture Department. Recovery will be made from the defaulter members through cooperative departments according to Cooperative Societies Act 1925 and Rules 1927.

5.2 Source of Finances

- a. Finances made available in the shape of “Revolving Fund” through a federally funded development project.
- b. Membership fee.
- c. Share money of member farmers.



- d. Income from rent of farm implements.
- e. Income from handling charges received from member farmers on loans advanced.
- f. Income received in shape of profit from the sale of farm inputs.
- g. Presents and donations received from individuals and organizations.
- h. Reserve funds, fees, fines, securities, and other funds etc.
- i. Any other source which is duly approved by the Ministry of Food, Agriculture and Livestock.

5.3 Responsibility of Farmers on Liquidation

On liquidation to make up the losses in assets, member farmers will be responsible up to 40 (forty) times of the value of their share deposits.

5.4 Shares

Every member will purchase at least one full share of Rs 250 per acre for his declared land holding. No member will be allowed to own a share having the designated value of Rs 100,000 or five times the value of his deposited share money. In case the share money of a member exceeds this upper limit due to inheritance or any other reason, then the Executive Council will have the authority to sell these shares or buy these on behalf of the VO.

5.5 Use of Revolving Fund

- a. Achieving objectives of the Organization and providing production credit and income diversification loans to member farmers;
- b. Repair of implements of FSC and purchase of new ones;
- c. Payment of salary to Accountant of RF and supervisor of FSC. When deposits of Revolving Fund will grow more than the inputs credit requirement of the respective village, then it can be used for following purposes with the approval of the Executive Council:
 - i. Purchase of shares of State Bank of Pakistan
 - ii. Purchase of land and building
 - iii. Construction of building
 - iv. Investment in government saving schemes
 - v. Establishment of small industry at village level
 - vi. Any other purpose duly approved by Ministry of Food, Agriculture and Livestock.

5.6 Fundamental Condition for Continuous Use of Revolving Fund

The VO will be entitled to use the Revolving Fund according to byelaws as long as it is growing up to a possible limit and its business is being operated profitably.



Thus total balance and assets at the end of each financial year should exceed the balance and assets of previous year. If these funds and assets decrease in some financial year over the last year, then with the permission of the Secretary, MINFAL the authorized representative of the Registrar Cooperatives will have the option to cease the RF, seal the input stocks at ISMC and farm machinery at FSC. For this action MINFAL or any official of the Cooperative Department will not require consent or permission of any representative of the VO or the provincial/district Governments. In such case, an enquiry will be conducted through a committee having representatives of federal, provincial/ district governments and cooperatives department. If irresponsibility and dishonesty is proved, the responsible persons will be duly punished. Under this situation, funds of this village will be transferred to some other project area where farmers are more interested competent and willing to operate the RF profitably. Further, the Ministry of Food, Agriculture and Livestock and departments of Revenue and Cooperatives will have the right to recover the defaulted amount from the member farmers under the Cooperative Societies Act or as arrears of land revenue under the revenue rules or according to other various existing recovery procedures. No common member, Executive Member, Vice President or President and employees of the VO shall be entitled to own or distribute among themselves any of the assets of the organization upon its liquidation, nor they will have any right on its funds and assets. In addition, Ministry of Food, Agriculture and Livestock reserves the right to retrench/withdraw the Revolving Fund in full or partially any time without the permission of the VO, provincial & district governments and Cooperatives department.

5.7 Fiscal Year

The fiscal year for the Village Organization and Revolving Fund shall be from 1st July through 30th June.

5.8 Appointment of Revolving Fund Accountant

An honest and credit-worthy person having minimum F.A. /F.Sc or D.Com, qualification preferably having experience of accounting, will be eligible for appointment as RF Accountant. Retired government employees with above mentioned qualification and accounting experience will be preferred. His appointment will be made on the recommendation of the executive Council of the Village Organization and concerned Agriculture Officer (Extension) but the final approval will be accorded by the respective Deputy District Officer Agriculture (Extension). The Accountant will pledge his immoveable property worth Rs. 200,000/- in favor of the VO as security.

5.9 Contract Period of Revolving Fund Accountant

Initially Revolving Fund Accountant will be appointed on contract for a period of two years but in case of any complaint/unsatisfactory performance he can be terminated any time on the recommendations of Executive Council of the VO.



However, his contract can be extended for five terms of two years each, in lieu of his satisfactory performance on the recommendation of Executive Council of the VO.

5.10 Salary of Revolving Fund Accountant

The salary of RF Accountant will be Rs 3000/- per month. In addition, he will be entitled to receive 10% of the net profit earned by him through service charges. However, with the increase or decrease in quantum of business, Executive Council of the VO can change his salary and remuneration accordingly. In the absence of RF Accountant, the VO's Secretary will perform this duty and will be entitled to receive the same salary.

5.11 Responsibility of RF Accountant

Revolving Fund Accountant will be responsible to run the business of "Inputs Sales & Marketing Centre", purchase and sale of material and will deal with all other related matters with the approval and under supervision of the VO. He shall be responsible for the care and custody of Revolving Fund and assets of the organization. He shall also be responsible for recovery of loans, keeping books of accounts in order, make entries in the books and complete all documents related to loans. On demand he will submit these to Executive Council and officers of Cooperatives Department, Audit and Agriculture Department. In case, some beneficiary farmer do not return the loan in time, the Accountant will inform the President of the VO about this default in writing with in one week of expiry of due date. The President will use his clout for recovery of loan failing which legal action will be taken against the defaulted member. He will prepare monthly financial reports and annual balance sheets and present this to Executive Council, concerned officer of Department of Cooperatives & Revenue and provincial and federal Governments. In the absence of Revolving Fund Accountant, Secretary of the VO or any other person nominated by the Executive Council will run the business of RF and during this period shall be entitled to receive salary and other remuneration for which the Accountant was entitled. In addition, he will also perform following duties:

- i. At the end of each week, he will check and verify stocks, sale and rent proceeds of ISMC and FSC. In addition, he will deposit the cash proceeds received from both of these centers on the same day in RF.
- ii. He will counter-check the entries of credit issued and recovery received and verify the correctness of their entries in registers at the closure of business on each day to eliminate chance of mistake.
- iii. He will provide guidance to Supervisor of FSC regarding maintenance of account books.
- iv. He will perform all the duties related to his job and office. He shall also



perform all other responsibilities entrusted to him by the Executive Council of the VO.

- v. He will get his accounts checked and verified twice a week by Vice President.
- vi. He will attend every meeting of the VO regularly and will present last month's financial and business report.
- vii. Accountant can keep cash with him up to the limit approved by the Executive Council to meet day to day expenditures and will be responsible to deposit additional cash in the bank account of the VO.

5.12 Service Charges of RF

Service charges at 10% annual rate will be received from every member farmer after harvesting of crop, who has taken loan from RF along with the principal amount. In case, he is unable to pay back the loan within two months of the stipulated due date, service charges will be recovered from him at 12% annual rate for the entire period. And if he does not repay his loan along with 12% annual service charges even after the lapse of two additional months he will be declared 'defaulter' and dues will be recovered from him as arrears of land revenue according to the revenue rules and Cooperative Societies Act. The expenditure incurred on recovery process will also be recovered from the defaulter member. Such farmer will lose his membership, right of vote and his shares will be confiscated by the VO. For resuming loaning from RF, he has to take fresh membership of the VO. For the convenience of farmers, it will be permissible to get loan for the next crop in the presence of loan obtained for previous crop with the condition that such loan does not exceed his maximum credit limit. However, action will be taken on the loan obtained on previous crop according to the laid down rules and regulations for this purpose. Loan for third crop in a row will not be issued even if he falls in the maximum credit limit. In case of repayment of loan before the specified time, service charges will be deducted on the bases of number of days.

5.13 Maximum Credit Limit

Every member farmer will be able to receive loan for Rabi crops at the rate up to Rs 8000/- per acre and for Kharif crops at the rate up to Rs 10,000/ per acre up to a maximum amount of Rs 160,000 against the acres registered with the VO and for which he has paid the share amount. For every member, the maximum credit limit will be entered in the MCL register. On the request of the Executive Council which bearing 75% signatures of the General Body Members, the Executive District Officer (Agriculture) will have the authority to revise the Maximum credit Limit of any VO.

5.14 Procedure for Issuance of Production Loan

Every member of VO who is owner of land will be entitled to get the production loan on the surety of two members. The tenant and farmers having rented land will be able to receive loan on the guarantee of the land owner and surety of two



member farmers. The conditions specified for this purpose in the development project will also be strictly followed. The needy member will apply on an approved application form for obtaining loan. Loan will not be issued on incomplete application. Loan will be awarded only within the maximum credit limit. On the fulfillment of the above mentioned conditions, approval of loan will be accorded by the Executive Council of the VO in which participation of concerned Agriculture Officer (Extension) will be must. The loan will be disbursed in kind from Input Sales & Marketing Center of VO.

5.15 Profits

At the end of each financial year, profit made during the year will be announced regularly which will be distributed according to article of 38 to 40 of Cooperative Societies Act 1925 as follows:

- i. Village Organization will reserve at least 25% of the net profit as capital finance which will not be distributed but it can be invested in business of VO.
- ii. After deduction of capital finance according to rule, the remaining net profit will be distributed among the farmer shareholders according to the value/proportion of their shares. It will be considered as dividend.
- iii. The VO, if intends so, can establish a fund for the welfare of their members out of the net profit. Approval of this decision will be given by General Body.
- iv. The profit money left after above mentioned distribution will be considered as Net Profit of the VO which can be invested in its business.

5.16 Natural Calamities

- a. If crop of an indebted member is destroyed in calamity hit area, as declared by the Government, then the member can be exempted from payment of the service charges only.
- b. The principal amount will be recovered from the member according to the terms and restrictions announced by the Provincial Relief Commissioner/Board of Revenue.
- c. Loans will be issued to the members farmers of calamity hit area for the next crop according to the terms and restrictions announced by the concerned Relief Commissioner/Board of Revenue.

5.17 Settlement of Accounts and Dissolving Of VO

The VO will only be dissolved by the Registrar, Department of Cooperatives on the recommendation of the Secretary, Ministry of Food, Agriculture and Livestock. The assets and balance amount of the VO, left after deduction of liabilities and payment of shares, will be invested in local public welfare programme, identified by the Executive Council of the VO, with the approval of Ministry of Food, Agriculture



and Livestock. If the Executive Council of the VO fails to identify such a need within three months from the date of settlement of the accounts, then the Ministry of Food, Agriculture and Livestock will take decision at its own. This account can be used as capital finance for any other village having Food Security & Productivity Enhancement Programme or in a new Cooperative Society whose mandate is similar to that of productivity enhancement program.

ARTICLE 6

INPUT SALE & MARKETING CENTER

6.1 Input Sale & Marketing Centre

An Input Sale and Marketing Centre (ISMC) will be established under Food Security & Productivity Enhancement Program at village/union council level. Business of this centre will be run by the VO under Revolving Fund through an Accountant. All production loans will be provided to member farmers in shape of inputs through this center according to the approved loan documents. Members and non-members will also be able to purchase inputs on cash payment from this centre at market rates. This center will also be used as market point for disposal of farmers' produce.

6.2 Site for Input Sale & Marketing Centre

Input Sale Center will be located at a prominent place in village. In this situation, office of the VO will also be located in the same premises. In case, an appropriate place is not available in village, then a suitable place will be hired on reasonable rent in the nearest market situated on metalled road. The VO and the Revolving Fund Accountant will be responsible for its security.

6.3 Fixation of Sale Price

Executive Council of the Village Organization will fix sale price of inputs duly accounting for its purchase price, cost of transportation, labour charges, operational expenses and a reasonable profit margin.

6.4 Purchase Committee

The VO will make all purchases through a "Purchase Committee" which will consist of Secretary of the VO, RF Accountant, two Executive Members drawn from the Executive Council and the concerned Agriculture Officer (Extension). This committee will verify and sign all purchase vouchers, bills and receipts, etc.



6.5 Record of Sales and Stocks

Revolving Fund Accountant will be responsible to regularly maintain the inventory, sale and stock record in prescribed registers. At the time of arrival of inputs at Sales Center, he will make entry of the list of stock in the concerned register and verify it. He will issue a copy of the list of the same to the President of the VO also. He will make entry of each sale and verify the balance stock at the end of each day. In addition, he will make entry of inputs given on credit in the credit accounts of the respective member farmers and in their passbooks, while sale of inputs on cash payment will be registered along with the name and address of buyer.

ARTICLE 7

FARM SERVICES CENTER

7.1 Farm Services Centre

Farm Services Centre (FSC) will be established at village/union council level for providing suitable farm implements to farming community on rental basis and provide extension advice for the management of crops. Farm implements will be purchased during the project period according to the requirement of concerned area for which farmers will pay their share of cost as per specifications/conditions given in development project. Village Organization will be the owner of this centre and will run it under its control through a Supervisor. The VO will select a suitable place where farm implements will be kept and this place will be called FSC. Farm Supervisor and VO will make proper and foolproof arrangements for its security.

7.2 Criteria for Selection of Farm Services Supervisor

An honest, reliable person having minimum matriculation/FA qualification preferably with technical know-how about farm implements and permanent resident of the respective project village/area will be eligible for the post of Supervisor. Selection will be made on the recommendations of Executive Council of VO.

7.3 Contract Period

Initially, Farm Services Supervisor will be hired for a period of two years but in case of complaints/unsatisfactory performance, he can be terminated at any time on the recommendations of the Executive Council. However, his contract can be extended for five terms of two years each in lieu of his satisfactory performance on the recommendation of the Executive Council.

7.4 Remuneration for Supervisor

For encouraging the Supervisor to work hard he will be given 15% of the net profit earned from the renting of the implements. However, with the increase or decrease



in quantum of business, Executive Council of VO can increase or decrease his salary and remuneration to a reasonable extent. But its final approval will be given by the respective Deputy District Officer Agriculture (Extension).

7.5 Rent for Implements

Executive Council of the VO will fix per hour or per day or per acre rent for various implements but it should not be very much different from prevalent market rates. Rent will be charged in advance from both members and non-members for whom proper receipts will be issued. For renting out implements, members of VO will be given preference.

7.6 Responsibilities of Farm Services Supervisor

Duties of Farm Services Supervisor include proper maintenance of inventory of implements and record of their rent in prescribed registers. He will make entry of every transaction mentioning date, time, unit rent and total rent along with the name of renting farmer. He will also be responsible for maintenance, repair and safeguard of the implements. The President of VO can allow a repair work up to Rs 3000/- at one time. However, if repair cost exceeds this limit, the permission of Executive Council of the VO will be necessary which will be noted on minutes/proceeding register. In the absence of the Supervisor, any other nominated person of the Executive Council will run the business of FSC and will be entitled to draw salary and other remuneration for which the Supervisor was entitled.

7.7 Handing Over of Cash Proceeds from Rent

At the end of each week, Farm Services Supervisor will hand over the total rent earned during the week to RF Accountant and obtain a proper receipt from him. While receiving cash, RF Accountant will also check the rent entries and verify the total amount and deposit all cash received, into RF on the same day.

ARTICLE 8

AUDIT OF ACCOUNTS

8.1 Audit

- a. Annual audit of the VO will be conducted within one month at the end of each financial year by the authorized officer of Registrar Cooperatives Department according to Cooperative Societies Act, 1925.
- b. After receiving the audit report, the Executive Council will present it in the General Body meeting for the information and perusal of members so that proper measures can be adopted to stop irregularities in accounts. Copy of the audit report will also be submitted to Registrar Cooperative Department and DOA (Ext.) for necessary action.



ARTICLE 9

AMENDMENT IN BYELAWS

9.1 Procedure for Amendments

- a. For any amendment in byelaws, the Executive Council will get it approved from General Body with 2/3rd majority of the present members. For all such General Body meetings, presence of at least 51% members of the VO will be required to meet the quorum. The amendments will then be sent to the Registrar Cooperatives with the recommendation of the Executive District Officer (Agriculture) for final approval.
- b. In addition, whenever the Ministry for Food, Agriculture and Livestock or Federal Government take any decision regarding any matter of VOs and Revolving Fund then such decision will come into force immediately. There will be no need to follow the amendment procedure given above for such decisions.

ARTICLE 10

ISLAMIZATION OF LOAN

10.1 Making Credit Interest Free

It is believed that credit disbursement through RF under these byelaws is free of interest what-so-ever. However, necessary changes will be effected in the byelaws if identified and required by the Government in this respect.

@@@@@@@@@@@@@@@@@@@@



Food Security and Productivity Enhancement Programme: CMP-II
MINFAL, Government of Pakistan