

Permanent sureties may be taken subject to rules and regulations approved by the Registrar but the provisions regarding unavailed portion of maximum credit limit as mentioned above shall not apply in such cases.

The limit to which a member can stand as surety in accordance with this bye-law may be exceeded at the direction of the Committee in cases where collateral security is also taken.

39. Interest on loans from members shall be charged at a rate or rates to be fixed by the Committee with the previous sanction of the Registrar. In case of default, penal rate shall be charged as may be prescribed by the General Meeting vide bye-laws 25 (12). Which shall not exceed 3% above normal rate of interest.

40. The society may undertake bills of Collection or Demand draft business for its members with the previous sanction of the Registrar.

41. All documents creating a charge or obligation of the society shall be signed by the President/Secretary and Treasurer provided that in the case of receipt and cheques upto Rs. 5000/- and receipt for the deposits and repayments of loans. President or Secretary or Treasurer may sign. All important documents of the society shall be sealed with the Society's seal. They shall be kept in the custody of the Secretary/President.

42. The accounts of the society shall be audited at least once a year by an Auditor appointed by the Registrar. The society shall pay such contribution to the Delhi Audit Fund as may be fixed by the Registrar, Cooperative Societies, Delhi from time to time.

XIII. DISTRIBUTION OF PROFITS

43. The following shall be the first charge on profit :

- (i) contribution to the Delhi Audit Fund as may be fixed from time to time by the Registrar;
- (ii) any losses undergone by the society;
- (iii) necessary deduction for depreciation of machinery, building etc.;
- (iv) all payment of salaries, provident fund and working expenses;
- (v) interest on loans, deposits etc.

44. (i) Not less than 25% of the net profit shall be carried to the Reserve Fund which shall be indivisible and no member shall be entitled to any share in it.

(ii) The society shall credit a sum calculated at two percent of its net profit subject to maximum of Rs. 10,000/- every year for contribution to the Cooperative Education Fund to be administered by the Registrar who may frame regulations for the utilisation and the administration of the Fund. This fund shall be kept with the State Bank of India. Any such amount payable by the society, shall be a charge on the funds of the society.

(iii) Dividend on shares be paid not exceeding 18% per annum.

(iv) Not less than 5 % of the balance shall be credited to the Bad Debt Fund.

(v) The remaining amount if any may be allotted to any or all of the purposes detailed below or may be carried over :

- (a) building fund;
- (b) investment depreciation fund;
- (c) common good fund according to section 47 of the Act. Expenditure out of this fund shall be incurred with the approval of the Registrar;
- (d) dividend equalisation fund;
- (e) share transfer fund;
- (f) any other fund for the business of the society.

(vi) Dividend may also be paid to members on loan borrowed from and the deposit made with the society by each member.

(vii) Members shall have no right to the dividend unless declared and approved by the General Body. The dividend shall be paid to all members within three months of the approval by the General Body.