



GOVERNMENT OF KERALA

Abstract

Co-operation Department - NCDC - Rules for the grant of financial assistance to Consumer Co-operatives and Primary Agricultural Credit Societies having consumer business - Approved - Orders issued

CO-OPERATION (P.S.) DEPARTMENT

G.O. (Ms.) No. 202/2007/Co-op. dated, Thiruvananthapuram, 14.09.2007

- Read -
- (1) G.O. (Ms.) 99/82/AD. dated 17.3.2002.
 - (2) G.O. (Ms.) 30/87/Co-op. dated 9.6.1987.
 - (3) G.O. (Ms.) 50/87/Co-op. dated 29.8.1987.
 - (4) Letter no. CS(3) 10812/2005 dated 5.3.2007 of the Registrar of Co-operative Societies, Thiruvananthapuram
 - (5) Letter no. CS(3) 17613/2007 dated 26.5.2007 of the Registrar of Co-operative Societies, Thiruvananthapuram

ORDER

Rules for providing assistance to consumer co-operatives of the State was issued vide Government Order read (1) above which was later amended vide Government Order read (2) & (3) above. Since the schemes have now become redundant and since NCDC has introduced new schemes, the Registrar of Co-operative Societies proposed to issue revised rules vide letters read (4) & (5) above.

The Government after examining the matter in detail approve and are pleased to issue the rules for the grant of financial assistance to Consumer Co-operatives and Primary Agricultural Credit Societies having consumer business. The rules are appended.

(By Order of the Governor)

P. RADHAKRISHNA PILLAI,
JOINT SECRETARY TO GOVERNMENT

To

The Managing Director, NCDC, 4, Siri Institutional Area, Hauz Khas,
New Delhi - 110 016.

The Regional Director, NCDC, 5th Floor, Co-Bank Towers,
Vikas Bhavan P.O., Thiruvananthapuram - 695 033

The Registrar of Co-operative Societies, Thiruvananthapuram.

The Principal Accountant General (Audit), Kerala, Thiruvananthapuram

The Accountant General (A&E) Kerala, Thiruvananthapuram.

The Managing Director, State Co-op. Bank, Thiruvananthapuram.

Finance Department (vide 46016/AWC1/2007 Fin. dated 25.08.2007)

Stock File/Office Copy.

Forwarded/By Order,

Section Officer.

Emdt No. CS@ 17613/07 Dated 22.11.07.

Copy communicated to All Joint Regis (Consumer), Consumer Education at P&M Section for information and necessary action.

1/10/07

26/11/07

29/11/07

Rules for the grant of financial assistance to Kerala State Co-operative Consumer Federation /District Whole Sale Consumer Stores/Primary Consumer Co-operative Stores, Primary Agricultural Credit Societies and Farmers Service Co-operative Banks having consumer business, for construction/renovation/purchase of Godown/Godown-cum-shopping-complex/Godown-cum-Office/Shopping Complex/Consumer Retail outlet/Super market/Neethi Medical Stores/purchase of vehicles/ purchase of furniture and fixturer, in the form of loan and share capital and margin money in the form of loan under National Co-operative Development Corporation Consumer Scheme.

Preliminary

1) These Rules may be called "the Rules for the grant of financial assistance to Consumer Co-operatives and Primary Agricultural Credit Societies having Consumer Business".

2) Kerala State Co-operative Consumer Federation, District Wholesale Consumer Stores, Primary Consumer Stores and Primary Agricultural Credit Societies and Farmers Service Co-operative Banks having consumers business are eligible for the assistance under these Rules. The assistance under these Rules will be sanctioned only for the purpose of consumer business.

3) a) The final accounts of societies will be audited at least up to the preceding year, for which financial assistance ^{is} ~~is~~ applied for

b) The Society/Federation should ^{be} managed by an elected committee.

~~Kerala State~~ c) The Society/Federation ^{should} have a full time paid Secretary/Managing

4) The quantum of assistance will be according to the sanction of National Co-operative Development Corporation.

Loan for Margin Money

5) In the case of Kerala State Co-operative Consumer Federation, the application in the prescribed form in triplicate along with financial statements and project report should be submitted to Registrar of Co-operative Societies directly. The proposal should also contain resolution of the managing committee, requesting financial assistance and a non-due certificate of the Federation.

6) In the case of other societies, the application in quadruplicate along with financial statements and a project report, should be furnished to Joint Registrar (General) concerned along with the resolution of the managing committee of the society concerned. The Joint Registrar (General) will appraise the project report and recommend to Registrar of Co-operative Societies with non-due certificate if the society is eligible for assistance.

7) On receipt of the proposal, the Registrar of Co-operative Societies will scrutinise the proposal and recommend to Government for onward transmission to National Co-operative Development Corporation, if found eligible.

Sanctioning Authority:

8) Government shall be the authority competent to sanction the assistance to the Societies

9) The sanctioned amount shall be drawn and disbursed by the Registrar of Co-operative Societies/Joint Registrar(General) concerned as per the authorisation of Government.

10) The Federation/Society receiving the assistance shall furnish an agreement in Form 'A' appended to these Rules, to Registrar of Co-operative Societies in case of Kerala State Co-operative Federation and to Joint Registrar (General) concerned in

In the case of other societies, 'A' Mortgage deed in Form 'B' may also be executed for the assistance.

11) The Federation/Societies receiving the assistance should furnish a Utilisation Certificate to Accountant General and the Registrar of Co-operative Societies/Joint Registrar (General) within 6 months from the date of release of the amount.

12) The Societies/Federation receiving the assistance has to pay interest to Government at the rate fixed by Government National Co-operative Development Corporation from time to time.

13) The loan amount should be repaid normally within a period of 8 years or as fixed by National Co-operative Development Corporation, with interest, the first instalment falls due on the first anniversary of the deemed date of drawal of the amount from the treasury.

14) If the Society/Federation make default in payment, the Society/Federation has to pay penal interest @ 2 1/2% over the normal rate of interest or to repay the assistance in lump with interest and penal interest of the Government demand.

Assistance for Consumer Retail outlet/Super Market/Neethi Medical Stores/Furniture and fixtures

The General Rules specified for loan for margin money will be mutatis mutandis applicable to this assistance also. In addition of the above, the assistance in the form of share capital will be repaid to Government in 14 equal annual instalments commencing from the first anniversary of the deemed drawal of the amount from the treasury.

16) The Societies Federation receiving the assistance, shall be liable to pay dividend to Government as declared by the Society/Federation. The dividend so declared shall be remitted to Treasury within one month after the declaration of the dividend.

17) The Society/Federation receiving the assistance shall furnish a share certificate in the name of Government of Kerala in addition to Agreement and Mortgage Deed and the Joint Registrar will be responsible to keep the same under safe custody in the case of societies other than Kerala State Co-operative Consumer Federation and Registrar of Co-operative Societies in case of Kerala State Co-operative Consumer Federation.

18) Government shall be competent to amend or modify these rules in toto or any provision with retrospective effect and the Societies/Kerala State Co-operative Consumer Federation is liable to comply with the provision of the modified Rules.

Assistance for purchase of Vehicle.

19) The General Rules specified for loan for margin money will be mutatis mutandis applicable for assistance for purchase of vehicle under National Co-operative Development Corporation consumer Scheme, except the Mortgage Deed. In addition to the above, the following conditions will also be satisfied by the Societies/Federation.

20) The loan assistance provided by National Co-operative Development Corporation will be 70% of the cost of the vehicle to the State Government. The State Government will, in turn, provide this 70% to the society as loan. Balance 30% will be borne by the beneficiary Society/Federation.

21) The vehicle shall be purchased from approved dealers after inviting quotation/tenders. The body building shall also be done after inviting quotation/tenders.

22) The borrower should purchase the vehicle within 90 days from the date of drawal of the amount and furnish the utilization certificate to the authority concerned.

23) The borrower within 30 days of the purchase of vehicle, shall execute a mortgage deed in form (c) in favour of the Government mortgaging the vehicle as security in addition to share certificate for share portion and Agreement for loan portion.

24) The vehicle together with the body built thereon shall remain the property of the Government until the entire share capital/loan with interest is repaid by the borrower to the Government.

25) The vehicle purchased has to be get insured by the borrower.

Assistance in the form of loan/share capital for purchases/construction of Godown/Godown cum-office Godown cum-shopping Complex/Shopping Complex.

26) The General Rules as applicable for the assistance for consumer retail Outlet/Super market/Neethi Medical Stores etc will be mutatis mutandis applicable for the assistance under this scheme. In addition to the above, the following additional conditions shall also be complied by the Societies/Kerala State Co-operative Consumer Federation.

27) The assistance provided by National Co-operative Development Corporation will be 90% of the estimated cost to the State Government. The State Government will in turn provide 75% as loan and 15% as share capital to the Society. The balance 10% will be borne by the beneficiary Society/Federation.

28) The borrower shall execute a mortgage deed in form of the Government in Form 'B' in addition to the Agreement in Form 'A'

29) The Godown/Shopping Complex as the case may be along with the property becomes the property of the Government till the loan/share capital is fully repaid to Government.

Release of Funds.

30) The amount sanctioned by NCDC will be drawn and disbursed only when the society receiving the assistance complete all requirements for utilisation of amount. Under no circumstance, it will be permitted to be drawn as advance to be kept in TPA of Treasury/State Co-operative Bank.

FORM 'A'

This AGREEMENT is executed in the
..... day of between the
.....
a society registered under KCS Act and having its registered office at.....
.....(hereinafter referred to as the society) on the one part
and Government of Kerala therein after referred to as "The Government") On the other
part.

WHEREAS THE SOCIETY/FEDERATION has applied to the Government for a loan
of.....
Rs Share Capital of
Rs. only for
.....
under the Rule for the grant of financial assistance consumer co-operatives and other
primary societies having consumer business. (hereinafter referred to as "the said
Rules") which was approved by Government as per.....
Which shall form part of it this deed as if it is incorporated herein.

AND WHEREAS at the request of the society the Government has sanctioned the
payment of a sum of Rs.(Rupees.....
.....Only as loan/as share capital) to the
Society as per G.O. No..... dated.....
(hereinafter referred to as "the said order") a copy of which is attached hereto which
shall also form part of this agreement as it is incorporated therein, subject to the terms and
conditions contained in the said order and in the Rules and those hereinafter appearing
to which the society has also agreed.

NOW THESE PRESENCE WITNESS AND IT IS MUTUALLY AGREED AS FOLLOWS

The Society/Federation shall utilise the assistance of Rs.....as loan (Rs.....only) and Rs.....as share capital (Rs.....only) for the purpose for which it was sanctioned and shall not be utilised for any other purpose.

The Society/Federation shall repay the loan amount.....
In 8 equal annual instalments with interest thereon the first instalment falls due on the first anniversary of the deemed date of drawal of the amount from the treasury.

If the society/Federation makes any default in payment it is agreed to pay penal interest @ 12% over the normal rate of interest.

The Society/Federation agrees to repay the share capital in 14 equal annual instalments first instalment falls due on the first anniversary of the deemed drawal of the amount from the treasury.

The Society/Federation will pay the dividend for the share capital within one month from the date of declaration of dividend.

In case the Society/Federation, makes any default in payment the society shall pay interest and penal interest for the defaulted, instalment at the rates charged by National Co-operative Development Corporation for the loan sanctioned to State Government for the payment of this share portion.

The Society/Federation shall furnish a share certificate to Joint Registrar(General) concerned, Registrar of Co-operative Societies, as the case may be within one month from the date of encashment of the amount from Treasury. The validity period of which is the date of drawal of the amount from Treasury.

Notwithstanding anything contained in the Rules or in the byelaws of the society, it shall be open to the Government to withdraw any due without stating any reason whatsoever the whole or any portion of the Government contribution and the society shall be liable to refund the amount so withdrawn in a lump at once.

It is hereby agreed that the executions hereof has been authorized to so as per resolution No. dated.....of the Board of Directors of the Society/Federation.

IN WITNESS WHERE OF SRI.....(President)

.....Sri.....(Secretary/
Managing Director)Sri.....
(Board Member)Sri.....
(Board Member) for an on behalf of the Society/Federation and Sri.....

(for and on behalf of the Governor of Kerala) have hereunto get their hands and the seal of the society has hereunto been affixed on the day, month and year first above written

Signed by Sri.....(President)

Signed by Sri..... (Secretary/Managing Director)

Signed by Sri..... (Board Member)

Signed by Sri..... (Board Member)

for and on behalf of the Society/Federation)

In the presence of witness:

(1).....

(2).....

Signed by Sri.....

For and on behalf of Governor of Kerala

In the presence of witness

1).....

(2).....

FORM - B

THIS DEED OF MORTGAGE Made this the.....day of
.....by the Society a society registered under KCS Act
1969 and having its registered office at..... (herein after called
"The Mortgagor" in favour of the Governor of Kerala (Hereinafter called the
"Government.")

WHEREAS as the Mortgagor has applied for financial assistance of
Rs..... as loan and Rs..... as share
capital under the 'Rules for the grant of loan and share capital to Consumers' Co-
operative Societies/Federation for (hereinafter referred to as the "Rule")

WHEREAS the Government have in order dated.....(hereinafter
referred as "the order") sanctioned the payment of sum of Rs.
(Rupees.....only) by way of loan/share capital
for the purpose of.....subject to the terms and conditions contained in
the order and the Rules, copies of which are hereto annexed and which shall form part
of this deed as if they are incorporated herein and subject to the terms and conditions
hereinafter appearing.

NOW THESE PRESENTS WITNESS AS FOLLOWS:-

1) In consideration of the loan/share capital of Rs.....(Rupees
.....) paid by the Government to the
Mortgagor (the receipt of which the Mortgagor doth hereby admit and acknowledge).
Mortgagor doth hereby transfer by way of simple mortgage to the Government the
leasehold right of the Mortgagor in respect of the property described in the schedule
hereunder written along with the building to be constructed thereon and all other
improvements affected thereon from time to time to the intent that the said right, building
and other improvements shall remain and be charged as security, for the payment to
the Government of the said loan amount, interest and penal interest, if any, in
accordance with the Rule and said orders and, as securities for the due fulfillment by
the Mortgagor of the terms and conditions herein contained and those contained in the
Rules and in the order, and that the Government shall have first charge over the same.

2) The Mortgagor doth hereby agree that the mortgagor will abide by the terms and conditions contained in the Rule and the said order which shall form part of this deed.

3) The mortgagee shall not during the continuance of this security, create any mortgage, lien or charge by way of hypothication, pledge or otherwise create any encumbrance of any kind whatsoever in respect of right properties described in the schedule hereto and or let or lease of part with possession of the same and the same shall remain and continue to remain free from any encumbrance or liability whatsoever.

4) The mortgagor doth hereby agree that the amount of loan/share capital shall not be utilised for any purpose other than that for which it is granted.

5) The Mortgagor shall start the work for the execution of which the loan granted within three months from the date of receipt of the 1st instalment and shall execute the work in accordance with the directions of the Assistant Engineer, P.W.D. or other officer appointed in this behalf by the Government and shall complete the work within the time limit specified in the order sanctioning the loan.

6) The mortgagor shall maintain a register and render correct account of the expenditure incurred out of the loan. The accounts shall be open to inspection by such officers authorised on this behalf by the Government.

7) The mortgagor shall immediately on completion of the work intimate the fact to the Assistant Engineer, P.W.D.

8) The mortgagor shall refund to the Government the excess amount over the actual cost of the work within a month.

9) The loan shall bear interest at the rate fixed by NCDC/Government.

10) The loan shall be repaid by the mortgagor in 8 instalments of Rs.
(Rupees.....) This first instalment shall
become due on the date of expiry of one year from the date of drawal of the loan
amount and thereafter the subsequent instalments shall become due on the
corresponding dates of the succeeding years until the loan is fully repaid. The interest
due on the loan amount outstanding on the date of payment of an instalment shall be
paid along with that instalment.

11) If the instalment of principal or interest is not paid on the due date, of penal
interest at the rate of 2.5 percent in addition to the usual rate shall be paid on such
amount as are not paid on the due dates.

12) The Mortgagor shall insure the for an amount not less than the
assistance with the State Insurance Department or an Insurance agency approved by
the Register and the policy may be assigned in favour of the Government. The
Mortgagor shall not dispose of or lease or hire out the without the prior
sanction of the Government.

13) In case the mortgagor fails to comply with all or any of the terms and conditions
on which the said assistance has been granted either by applying the loan amount or
any part thereof or otherwise than as provided in the said Rules or shall not duly repay
the amount of the said loan or any part thereof or any interest thereon or any part
thereof or commit breach of all or any of the terms and conditions herein contained or in
the Rules or in the order, then and in any such case the Government shall be
competent to recover the entire amount outstanding with interest and penal interest in a
lump at once and the Government shall have power to proceed against the security
properties to recover such sum and the Government shall have all the powers vested in
a mortgage under transfer of property Act.

14) If the mortgagor shall duly comply with all the terms and conditions of these present and repay the amount in full with interest the Government shall there upon at the request and cost of the Mortgagor relinquish all his right and interest in the security properties and the andthereon to the Mortgagor

15) All sums found due to Government under or by virtue of these presents shall be recoverable from the mortgagor and the properties mentioned and described in the schedule hereunder written as if they were arrears of land revenue under the provisions of the Revenue Recovery Act for the time being in force or in any other manner as the Government may deem fit.

16) In case any doubt or dispute arises under or by virtue of this deed the decision of the Government thereto shall be final and legally binding on the mortgagor.

17) This agreement has validity from.....day
of.....

IN WITNESS WHEREOF Sri.....for and on
behalf of the Mortgagor have hereunto set their hands the day and year first above
written.

SCHEDULE ABOVE REFERRED TO

Registrar District

Registration sub District

Taluk

Village

Firke

Desom

Corporation

Survey and Sub Division Nos.

Extent

BOUNDARIES

East

South

West

North

Signed by Sri.....(Secretary/M.D.)

Signed by Sri.....(President)

Signed by Sri.....(Board Member)

By Sri..... (Board Member)

For and on behalf of the Mortgagor in the presence of witness.

1. Sri.....

2. Sri.....

Signed by Sri.....(Name and designation)

For and on behalf of the Governor of Kerala in the presence of witness.

1. Sri.....

2. Sri.....

D

[Handwritten Signature]
For Registrar of Companies

FORM - B

Draft Mortgage Deed

The mortgage deed is made on this the

day of Two thousand.....by the society, a society registered under theAct and having its registered office at.....(hereinafter referred to as "the society") in favour of the Governor of Kerala (hereinafter referred to as "the Government")

Whereas by an Agreement executed between the same parties on(hereinafter referred to as "the Agreement") the Government have advanced to the Mortgagor of loan of Rs.....under the Rules for the grant of loans to Co-operative Societies for the purchase of trucks (hereinafter referred to as "the said Rules") which expression shall include any amendments thereof or additions thereto for the time being in force for the purchase of a truck and for body building subject to the condition that the society will within two weeks from the date of purchase of the truck execute a document hypothecating the said truck to Government as security for the loan amount together with interest and costs, if any, and for the due fulfillment of the terms and conditions continued therein:

Now this deed witnesses as follows:-

In pursuance of the said agreement and in consideration of the loan of Rs. Rupees.....) paid by the Government to the society, the society doth hereby hypothecate the truck described in the schedule hereto the intent that truck shall remain and be charged as security for the repayment to the Government of the loan amount with interests and costs, if any, in accordance with the provisions contained in the said agreement and as security for the due fulfillment by the society of the terms and conditions contained in the said agreement and those herein contained.

2. The society doth hereby agree that it will abide by all the terms and conditions contained in the said agreement and in the said Rule.....incorporated herein.

3. The society shall not during the continuance of this security create any mortgage, or of charge by way of hypothecation, pledge or otherwise part with possession of the same until the loan amount is repaid in full to the Government.

4. The loan shall be repaid in seven annual instalments in the manner prescribed in the said Rules.

5. The loan shall bear interest at the rate ofper cent per annum. Interest accrued till the date of repayment of each instalment of loan shall be paid along with that instalment.

6. If any instalment is not paid on the due date an additional interest at the rate of 2% per annum in addition to the usual rate of interest shall be said calculated from the date of default to the date of actual payment.

7. The society shall keep the vehicle in good condition and shall carry out the necessary repairs at its own cost until the loan amount is fully repaid.

8. The society shall keep the vehicle insured against damage by fire, theft or accident to the satisfaction of the Registrar for the full value thereof, with a company to be approved by the Registrar, within one month from the date of the purchase of the vehicle as prescribed in the said Rules.

9. The society shall furnish such information and such returns as the Registrar may call for from time to time.

10. In case the society fails to comply with all or any of the terms on which the loan was advanced or commits breach of all or any of the terms and conditions herein.

contained then and in any such case, the Government shall have power to seize the truck hereby mortgaged, to sell the same and to realise the loan amount with interest and costs. And for this purpose the Government shall have all the powers vested in a mortgagee under section 69 and 69A of the Transfer of property act in respect of power to sell without the intervention of the court and in the matter of appointment or receiver etc.

The society hereby further agree that without prejudice and in addition to other mode of recovery, all sums found due to the Government under or by virtue of these presents shall be recoverable from the society and its properties movable and immovable as if they are of land revenue under the provisions of the Revenue Recovery Act for the time being in force and in any other manner as the Government may deem fit.

In witness whereof Shri.....
..... Shri.....
for and on behalf of the society have hereunto set their hands the day and year first above written.

SCHEDULE

(H.E. details)

Signed by Sri.....

Signed by Sri.....

In the presence of witnesses:

- 1.
- 2.