

RULES FOR GRANT OF FINANCIAL ASSISTANCE TO LABOUR CONTRACT  
CO-OPERATIVE SOCIETIES FOR THE PURPOSE OF PROCUREMENT OF  
CONSTRUCTION RELATED MACHINES AND EQUIPMENTS, TOOLS AND  
TACKLES, LOADING/UNLOADING/PACKING, CREATION OF  
INFRASTRUCTURE SUCH AS SERVICE COMPLEX GODOWN IN THE FORM  
OF LOAN/SHARE CAPITAL UNDER N.C.D.C. SCHEME

1. The rules may be called "The Rules for the grant of financial assistance to Labour Contract Co-operative Societies" for the purpose of procurement of construction related machines and equipments, tools and tackles, loading/unloading, packing, creation of infrastructure such as Service Complex/Godown in the form of loan/share capital under NCDC Schemes.

2. Assistance under these rules shall be given only to good working and financially sound labour contract co-operative societies selected by the Registrar of Co-operative Societies and classified as A or B for the purpose of entrustment of Government works.

3. The Society applying for assistance under these rules shall satisfy the following conditions:-

(a). The society shall be one organized to provide employment to the unemployed labour members both skilled and unskilled.

(b). The society shall have at least 100 worker members excluding sympathizers.

(c). The number of sympathizer members in the society shall not exceed ten percent of the total number of members subject to a maximum of seven members.

(d). The society shall collect a minimum paid up share capital of Rs.5,00,000/-(Rupees Five lakhs) from the members.

(e). The byelaws of the society should have provisions for the state participation in the share capital of the society and to borrow funds from the Government/NCDC in accordance with the provisions contained in these rules.

(f). The final accounts of the society shall be audited at least upto the preceding year, for which financial assistance is applied for.

(g). The Society shall be managed by an elected committee.

(h). The Society shall have a full time paid secretary.

4. The society should satisfy the following conditions, for sanctioning the amount.

Minimum Membership	Minimum paid up share capital of Individual members	Average value of works taken up annually for the last three years	Average value of works on hand with the society annually for the last three years	Average No. of members employed by the society for at least 200 days in one year for the last 3 years	Audit classification for the last 3 years audited
	Rs.	Rs.	Rs.		
200	5 Lakhs	20 lakhs	50 Lakhs	150	A/B
150	3 Lakhs	20 Lakhs	15 Lakhs	100	A/B
100	5 Lakhs	10 Lakhs	7 Lakhs	70	A/B

All the above conditions should be fulfilled by the society for becoming eligible for financial assistance under this scheme.

Provided, in the case of Societies, where audit classification is below 'B' the Registrar of Co-operative Societies is competent to give exemption from the condition that the society should be classified as A/B, if all other conditions are satisfied.

5. Application in quadruplicate along with financial statements should be furnished to the Joint Registrar(General)of the District concerned, accompanied by the following:-

- (a). Resolution of the Board of Directors requesting for financial assistance by National Co-operative Development Corporation.
- (b). Undertaking by the Board of Directors to abide by the conditions of these rules to execute the agreement in the form prescribed.
- (c). A project report including an estimate of the investment necessary for acquiring tools and equipments, and a list of such equipments to be purchased.
- (d). Board resolution agreeing to maintain the ratio 1:50 between the share amount collected from among members and Government contribution.
- (e). No dues certificate by the Joint Registrar (General) of the district concerned stating that there is no amount due to the Government.

6. The Joint Registrar(General) of the district will appraise the project report and forwarded to the Registrar of Co-operative Societies, and the Registrar of Co-operative Societies shall recommend the proposal to the National Co-operative Development Corporation through State Government.

**7. Quantum of assistance:-**

- (a) 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 50% as loan and 40% as Share capital to

the society. The Government /National Co-operative Development Corporation shall have the right to alter the above proportion.

The Society shall be eligible for the Government Share Capital contribution to the extend of 50 (Fifty) times of the paid up share capital raised from among the members of the Society subject to a maximum of Rs.500 lakhs. (Rupees Five hundred lakhs): The amount already paid to the Society by way of Share Capital contribution will also be taken into account in reckoning the maximum amount of assistance under these rules.

(b). The Share capital contribution shall be utilized for strengthening of share capital base/of the society.

(c). The share capital contribution sanctioned to a society under these rules shall be repaid in 10 annual instalments commencing from the 1<sup>st</sup> anniversary of the deemed date of drawal of the amount from the treasury.

(d). The loan amount should be repaid normally within a period of 8 years or within a period as may be fixed by Government/N.C.D.C., with interest and the first instalment falls due in the first anniversary of the deemed date of drawal of the amount from the treasury.

7. The Government shall be the authority Competent to sanction the assistance to the society.

8. The society receiving Government assistance by way of share capital contribution under these Rules shall execute an agreement in form A appended to these Rules, and a mortgage deed in form B for availing loan portion.

9. The assistance sanctioned by Govt/National Co-operative Development Corporation shall be drawn and disbursed by the Registrar of Co-operative

Societies who shall obtain the share certificate from the society and shall keep it under safe custody.

10. The society shall not refund any share to its members which will affect the 1:50 ratio between members contribution and Government contribution.
11. All sums found due to Government shall be recoverable from the society and its assets both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such sums are arrears of revenue and in such other manner the Registrar may deem fit.
12. In case of breach of all or any of the terms and conditions contained in these rules the entire amount shall become repayable to Government in lump. Penal interest @ 2.5% per annum will also be payable on any belated payment of share capital. If the society makes default in payment of instalments of loan, society has to pay penal interest @ 2.5% over the normal rate of interest or repay the assistance in lump with interest and penal interest fixed by the Government.
13. Notwithstanding anything contained in the Byelaws of the society, or any agreement what so ever, it shall be open to the Registrar of Co-operative Societies to withdraw at any time the whole or any portion of the Government share in which case of the society shall be liable to refund to Government the value of the share so ordered to be withdrawn.
14. The Godown along with the property become the property of the Government till the loan/share capital is fully repaid to Government.
15. The Government may by an order for reasons to be recorded in writing, exempt any society from any of the provisions of these rules.
16. Assistance for purchase of Vehicle/Equipment:

(a). The General Rules specified for loan for margin money will be applicable for assistance for purchase of vehicle/equipment under National Co-operative Development Corporation Scheme, except Mortgage Deed. In addition to the above, the following conditions shall also be satisfied by the societies.

(b). The loans assistance provided by National Co-operative Development Corporation will be 90% of the cost of the vehicle/equipment to the State Government. The State Government will, in turn provide this 90% to the society as loan, Balance 10% will be born by the beneficiary society.

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

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

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

(f). 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.

(g). The vehicle purchased shall be got insured by the borrower.

17. The loan sanctioned by NCDC shall be withdrawn only after completing all formalities for disbursal and the amount shall not be drawn in advance and deposited in TP account of Registrar or in the account of Co-operative Bank.

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**FORM - A**  
**AGREEMENT**

THIS AGREEMENT is executed on this the day ..... day  
of ..... two  
thousand ..... BETWEEN  
(hereafter name of the society) a society registered under the Act and having  
its registered offices ..... (herein after  
referred to as " the society") of the one part and the GOVERNOR OF  
KERALA (Herein after referred to as "the Government" ) of the other part ;

WHEREAS on the application of the society under the  
"Rules- governing Government's share capital contribution and loan to the  
Labour Contract Co-operative Societies in the state National Co-operative  
Development Corporation Scheme (herein after called " the rules", which  
shall form part of this deed as if incorporated herein ) for assistance , the  
Government ..... have ..... in  
G.O.No..... dated  
..... (herein after called the "said  
order") which shall form part of this deed as if incorporated herein sanctioned  
the ..... payment ..... of ..... an ..... amount ..... of  
Rs..... as Share Capital  
contribution and Loan to the society subject to the terms and conditions  
contained in the Rules, said order and these herein after appearing to which  
the society has also agreed.

NOW THESE PRESENT WITNESSES AND IT IS  
HEREBY AGREED AS FOLLOWS:-

1. In consideration of the payment Rs.....  
(Rupees..... only) the receipt or which the  
society hereby accepts and acknowledges the society hereby agrees that the  
amount shall be utilized only for the purpose for which it was sanctioned and  
for no other purpose. The utilized portion, if any, of the amount paid shall be  
surrendered to the Government with in the time fixed by the Registrar/ Joint  
Registrar of Co-operative Societies.

2. The society shall repay the share capital contribution amount of Rs..... in ten equal annual instalments of Rs..... (Rupees..... Only) the first instalment being payable on the date of expiry of the 1<sup>st</sup> anniversary year from the date on which the share capital contribution was disbursed to the society on the subsequent instalment on the corresponding dates of the succeeding years.

3. In case of default in payment of any instalment of the amount in accordance with clause (2) above society shall pay penal interest at the rate of 2.5% per annum for the defaulted instalments calculated on the amount defaulted from the last date of default till the date of repayment.

4. The society shall issue printed share certificate in the name of the Governor of Kerala to the Registrar of Co-operative Societies with in one month from the date of receipt of the Share Capital contribution.

5. Notwithstanding anything herein contained or in the rules or in the said order or in the byelaw of the society it shall be open to the Government to withdraw at any time with out stating any reason whatsoever the whole or any portion of the Government Share Capital contribution and the society shall there upon forth with refund the amount so withdrawn in a lump.

6(a) The dividend not less than 5% every year (on the shares allotted to Government ) shall be paid to the Government by remittance in to the nearest Government treasury with in one month after the division of profit for each year is approved by the General Body of the society.

(b) The dividend shall be payable on the Share Capital contribution made by the Government in the society from time to time after deducting the repayment made by the society.

7. In case the society commits breach of all or any of the terms and conditions herein contained or those contained in the rules and in the said order, the society shall on demand pay the entire amount due to the Government in a lump at once.



8. If any dispute arises out of or under of touching this agreement the matter shall be referred to the Government and the decision of the Government shall be final and legally binding the society.

9. All sums found due to the Government under or by virtue of this deed shall be recoverable from the society and its properties both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as enough such are arrear of land revenue and in any other manner as the Government may deem fit.

10. The society hereby declares that the executants here of for and on behalf of the society has got full power and authority to execute this agreement for and on behalf of the society as per the resolution No..... duly passed.

11. It is hereby mutually agreed upon by both the parties that this agreement shall be deemed to have come in to force on and from .....

IN WITNESS WHERE OF SHRI.....  
.....for and on behalf of the society and  
Shri.....on behalf of the Governor of  
Kerala have here unto(set their hands and seal of the society has here unto)  
been fixed the day, month and year first above written.

Signed by Shri.....  
.....for and on behalf of the society.

In presence of Witness:

- 1.
- 2.

Signed by Shri.....  
..... (Herein after name and designation) for and on behalf of the  
Governor of Kerala.

In presence of Witness:

- 1.
- 2.

FORM - B

THIS DEED OF MORTGAGE made this the .....day of .....by the Society a society registered under Kerala Co-operative Societies Act 1969 and having its registered office at (herein after called "The Mortgagor" in favour of the Governor of Kerala (herein after 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 Labour Contract Co-operatives Societies.(for herein after referred to as the "Rule".

WHEREAS the Government have in order dated ..... (herein after referred as "The order") and sanctioned the payment of the 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 herein after appearing:-

NOW THESE PRESENTS WITNESS AS FOLLOWS:-

(1) In consideration of the loan/share capital of Rs..... (Rupees.....only) 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 lease hold right of the Mortgagor in respect of the property described in the schedule here under written along with the building to be constructed thereon and all other improvements affected thereon from time to time to the intend that the said right, building and other improvements shall remain and be charged as security, for the payment of 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 mortgage shall not during the continuance of this security, create any mortgage, lien or charge by way of hypothecation, 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 what so ever.
- (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 1<sup>st</sup> 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 the 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.....). The first installment shall become due on the date of expiry of one year from the date of drawal of the loan amount and thereafter the subsequent installments 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 installment shall be paid along with that installment.
- (11) If the installment of principal or interest is not paid on the due date, of penal interest at the rate of 2.5% 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 Registrar 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 there on or any part thereof or commit breach of all or any of the terms and conditions here in contained or in the Rules or in the order, then and in any such case the Government shall be competent to recover the said 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 presents and repay the amount in full with interest the Government shall there upon as the request and cost of the Mortgagor relinquish all his right and interest in the security properties and the ..... and .....there onto 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 there to shall be final and legally binding on the mortgagor.

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

IN WITNESS WHEREOF Shri.....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

Plot No.

Tenure

Survey and sub Division Nos.

Extent

BOUNDARIES

East

South

West

North

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

Signed by Shri..... (President)

Signed by Shri..... (Board Member)

Signed by Shri..... (Board Member)

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

1. Shri.....

2. Shri.....

Signed by Shri..... (Name and Designation)

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

1. Shri.....

2. Shri.....

FORM - C

The mortgage deed is made on this the .....day of Two Thousand .....by the society, a society registered under the .....Act and having its registered office at (here in after referred to as the society), in favour of the Governor of Kerala (here in after referred to as the Government).

Whereas by an Agreement executed between the same parties on .....(here in after referred to as "the Agreement") the Government have advanced to the Mortgagor of loans of Rs.....under the Rules for the grant of loans to Co-operative societies for the purchase of trucks (here in after 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 purchase of the said agreement and in consideration of the loan of Rs..... (Rs.....only) paid by the Government to the society, the society doth hereby hypothecate the truck described in the schedule here to the intent that truck shall remain and be charged as security for the repayment to the Government of the loan amount with interest 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 change 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 Eight annual installments in the manner prescribed in the said Rules.

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

6. If any installment is not paid on the due date an additional interest at the rate of 2.5% 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 all 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 here in contained then and in any such case, the Government shall have power so seize the truck hereby mortgaged to sell the same and to release the loan amount with interest and costs. And for this purpose the Government shall have all the powers vested in a mortgage 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 modes of recovery, all sums round 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 where of Shri.....  
Shri.....for and on behalf of the society have  
hereunto set their hands this day and year first above written.

**SCHEDULE**  
(H.E. details)

Signed by Shri.....

Signed by Shri.....

In the presence of witness

- 1.
- 2.