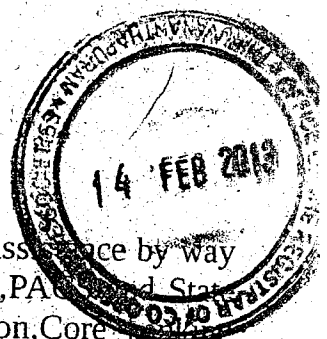


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## GOVERNMENT OF KERALA

### Abstract

Co-operation Department – Guidelines for the payment of financial assistance by way of Loan, Share and Subsidy to Primary Credit Co-operatives/Banks, PACS and State Co-operative Bank/District Co-operative Banks for Computerisation, Core Banking Solution, Installation of ATM facility & Upgradation of Technology and Acquisition of Modern Technological Devices for the functioning of Banks/Co-operatives - Rules approved- Orders issued.

### CO-OPERATION (B) DEPARTMENT

G.O (Ms) No. 20/2013/Co-op

Dated, Thiruvananthapuram, 02.02.2013

- Read:- 1) Letter No. CB (3) 39309/12 dated 20.12.2012 from the Registrar of Co-operative Societies, Thiruvananthapuram.  
2) Decision of the Working Group held on 13.12.2012

### ORDER

As per the letter read as 1<sup>st</sup> paper above, the Registrar of Co-operative Societies has forwarded the draft Guidelines for approval regarding the payment of financial assistance by way of Loan, Share and Subsidy to Primary Credit Co-operatives/Banks, PACS and State Co-operative Bank/District Co-operative Banks for Computerisation, Core banking Solution, Installation of ATM facility & Upgradation of Technology and Acquisition of Modern Technological Devices for the functioning of Banks/Co-operatives. The Working Group Meeting of Co-operation Department held on 13.12.2012 resolved to approve the guidelines.

2. Having examined the matter in detail, Government are pleased to approve the Guidelines for the payment of financial assistance by way of Loan, Share and Subsidy to Primary Credit Co-operatives/Banks, PACS and State Co-operative Bank/District Co-operative Banks for Computerisation, Core Banking Solution, Installation of ATM facility & Upgradation of Technology and Acquisition of Modern Technological Devices for the functioning of Banks/Co-operatives. The approved Guidelines are appended to this order.

(By order of the Governor)

DR. V.M. GOPALAMENON  
SECRETARY TO GOVT.

To  
✓ The Registrar of Co-operative Societies, Thiruvananthapuram.  
The Principal Accountant General (A&E/Audit) Kerala, Thiruvananthapuram.



## GUIDELINES

### GUIDELINES FOR THE PAYMENT OF FINANCIAL ASSISTANCE BY WAY OF LOAN, SHARE & SUBSIDY TO PRIMARY CREDIT CO-OPERATIVES/BANKS, PACS AND STATE CO-OPERATIVE BANK/ DISTRICT CO-OPERATIVE BANKS FOR COMPUTERISATION, CORE BANKING SOLUTION, INSTALLATION OF ATM FACILITY & UPGRADATION OF TECHNOLOGY AND ACQUISITION OF MODERN TECHNOLOGICAL DEVICES FOR THE FUNCTIONING OF BANKS / CO-OPERATIVES

- 1) These guidelines may be called as the guidelines for the payment of financial assistance by way of Loan, Share and Subsidy to Primary Credit co-operatives/Banks, PACS and State Co-operative Bank/District Co-operative Banks for computerization, Core Banking Solution, Installation of ATM facility & Upgradation of Technology and Acquisition of Modern Technological devices for the functioning of Banks/Co-operatives. The maximum assistance payable under the scheme will be limited to;

Primary Credit co-operatives/Banks/ PACS: Rs. 10 Lakhs or 90% of the  
Project cost whichever is less.

State Co-operative Bank/District Co-operative Banks:  
Rs. 100 Lakhs or 90% of the  
Project cost whichever is less

The assistance will be paid to the society in the pattern shown below.

- 2) **Eligibility:-** The assistance under the scheme shall be granted to the society only once. The funding pattern is as follows; subject to the maximum limit prescribed in clause 1 of the guidelines.

Loan : 50% of the project cost

Subsidy : 20% of the project cost

Share : 20% of the project cost

Balance 10% shall be raised by the beneficiary Society.

- 3) **Types of Societies Eligible for the assistance:-**

Co-operative Societies selected by the Registrar of Co-operative Societies may be given the assistance by way of share and subsidy for the purpose defined in (1).

4) **Procedure for application:-**

Application in duplicate along with financial statements shall be made in Form A (Part of the Rules) to be recommended by the Joint Registrar (General) or the District concerned, accompanied by the following:

- i. Resolution of the Board Directors requesting for financial assistance and also agreeing to adhere to such terms and conditions as Government/Registrar of Co-operative Societies may prescribe from time to time.
- ii. Project report for availing the assistance with all relevant details. (Feasibility of the same shall be reported by the Joint Registrar (General) in detail, along with a technical report from a competent person.)
- iii. Certificate of the Joint Registrar (General) to the effect that the society is free from corrupt practices.
- iv. No dues certified by the Joint Registrar (General) stating that there is no amount outstanding to the Government, as over due.
- v. Latest Audit Certificate of the society duly countersigned by concerned office.
- vi. The society selected shall have a full time paid secretary/chief executive and an elected Managing Committee/Administrator.

5) **Sanctioning of the Assistance:-**

On receipt the application with the recommendation of the Joint Registrar of Co-operative Societies, Registrar of Co-operative Societies may after such enquiry, satisfying himself/herself that the society is eligible for assistance, recommended the same to Government with due recommendation.

- 6) The society receiving the financial assistance shall utilize the same for the purpose for which it is sanctioned.

7) **Hypothecation and Mortgage of Equipments/Properties:**

The society shall execute :-

- a) A hypothecation deed hypothecating the Equipments/Machineries so purchased for whom the loan assistance sanctioned is upto Rs. 10/- Lakhs.
- b) A mortgage deed and hypothecation mortgaging assets in favour of Governor of Kerala when the loan assistance sanctioned is above Rs. 10/- Lakhs in form 'C' (approved with these Rules) shall be executed for withdrawal of loan portion.

- c) A printed share certificate and an agreement in form 'D' shall be submitted along with proposal for withdrawal of share capital assistance.
- d) An agreement in form 'B' for withdrawal of subsidy portion.

e) **Drawal of the Assistance:-**

The Government may sanction the financial assistance to society under these rules, subject to availability of funds and the terms and conditions, prescribed for the purpose.

- f) The Registrar of Co-operative Societies shall give permission to withdraw the amount after ensuring that the documents detailed in para 7 along with necessary board resolution, is received or filed by the institution.

g) **Utilization :**

The financial assistance sanctioned shall be utilized within a period of three months from the date of drawal of assistance and the Registrar of Co-operative Societies is competent to extend the period for a further period of three months. If the society fails to utilize the amount within the period, the entire assistance with interest as on date shall be refunded to Government in lump. The society shall not sell, transfer, otherwise dispose off or create any encumbrance on the assets obtained acquired by utilization of the financial assistance availed, without the consent of the Government/Registrar of Co-operative Societies.

h) **Repayment :**

- a) The loan installment shall be repaid in ten annual installments and the first installment being due from the first anniversary of the drawal of the loan amount with interest. Interest shall be calculated on the loan amount outstanding at the end of the each year and rate of interest shall be fixed by the Government at the time of sanctioning the loan. In the event of default in repayment of installments of loan, the society shall be liable to pay penal interest @ 2.5% for the defaulted installments.
- b) The Share Capital under these rules will be for a period of 11 years repayable in 10 annual equal installments. The first installment falling due on the 1<sup>st</sup> anniversary of the date of drawal of the amount. In the event of default in repayment of installments

of share, the co-operative society will be liable to pay penal interest @ 2.5% for the defaulted installments.

i) **Consequence of default in repayment :**

If the society makes default in the repayment of any installment or installments of the Principal of loan outstanding or interest or installments towards share capital on the due dates amount together with interest if any, and the subsidy in full shall be liable to be recovered in lump. The Registrar of Co-operative Societies is competent to order for the recovery on its assets both movable and immovable under the provision 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 of Co-operative Societies may deem fit.

(a) Penal Interest at the rate of  $2\frac{1}{2}\%$  p.a over and above the normal rate of interest shall also be levied on the amount defaulted from the date of default to the date of receipt of payment.

j) The dividend not less than 5% (on the basis of Shares allotted to Government) shall be paid to the Government by remittance into the nearest Government Treasury within one month after the division of profit for each year approved by the general body of the society.

k) **Insurance :-**

The society shall insure within 30 days of the completion of the project or installation of the devices so purchased against loss or damage or fire or calamities with the State Insurance Department or with a public sector insurance company for a sum not less than the amount of the loan and subsidy.

l) The President/Administrator, Secretary/Chief Executive and the Board of Directors of the society shall jointly and severally be responsible for the proper utilization of the financial assistance received.

m) The Joint Registrar (General) of the concerned district shall maintain Demand, Collection, Balance Register and shall watch the utilization of the assistance, repayment of loan installments and interest thereon and furnish the Utilization Certificate of the

assistance to Accountant General, Kerala in due course through Registrar of Co-operative Societies.

- n) The Government/Registrar of Co -operative societies may, by order and for reasons to be stated exempt any society from all or any of the provisions contained in these guidelines.





## FORM – A

APPLICATION FOR FINANCIAL ASSISTANCE TO PRIMARY CREDIT CO-OPERATIVES/BANKS,  
PACS AND STATE CO-OPERATIVE BANK/ DISTRICT CO-OPERATIVE BANKS FOR  
COMPUTERISATION, CORE BANKING SOLUTION, INSTALLATION OF ATM FACILITY  
& UPGRADATION OF TECHNOLOGY AND ACQUISITION OF MODERN TECHNOLOGICAL DEVICES  
FOR THE FUNCTIONING OF BANKS/CO-OPERATIVES BY WAY OF LOAN, SHARE AND SUBSIDY

1. Name and address of the society/Bank :
  - a) Register No. :
  - b) Date of Registration :
  - c) Date of commencement of business :
2. Postal address of the society/Bank :
3. Telephone No. :
4. Board of Management :
  - a) Elected/Nominated :
  - b) Date of election and term :
  - c) No. of Directors :
  - d) Date of last annual General –  
Body Meeting held :
5. Authorised share capital :
6. Membership and paid up share capital as on date.31.03..... :

As per last audit report

  - a) Government :
  - b) Individual :
  - c) Others :

**Total** :
7. Financial position of the society - :  
as per last Audited Balance sheet
- a) Resources :
  - (i) Paid up share capital :
  - (ii) Government assistance :
  - (iii) Reserves :
  - (iv) Loan/Borrowings :

(v) Others (specify) :

(vi) Working capital :

**Total** :

b) Assets

(i) Fixed assets :

(ii) Investment in share/saving-  
Certificate, bonds etc., :

(iii) Transport Vehicles :

(iv) Others (specify) :

**Total** :

c) Amount due to Government (specify)

8. Net profit/Accumulated profit/loss :

9. Borrowings (As on 31.03.....)

Source	Purpose	Amount of Borrowings	Balance outstanding	Arrear/ Overdue	Amount of Inst.

a) State Government :

b) Co-operative Bank :

c) Others (specify) :

**Total** :

10. Government assistance proposed under the project

a) Loan :

b) Share :

c) Subsidy :

11. Additional facilities required for the implementation of the project

a)

b)

c)

12. Whether a copy of audit report of the society/bank –  
for the last audited year enclosed :

13. Whether a copy of the last Tentative Trading & Profit & Loss-  
& Balance sheet enclosed :

(as on 31-03-.....)

14. Whether a copy of the bye-law-  
of the society/Bank enclosed :
15. Whether a copy of the resolution of the Board -  
of Directors for availing of the financial assistance-  
Enclosed :
16. Whether a brief report of the working of the society/Bank –  
for the last 5 years is enclosed :
17. Whether the project report is enclosed :

We ..... President/Administrator/Secretary/General  
Manager/ Board Member of the .....  
Society/Bank on behalf of the society/ bank request that the financial assistance  
applied for in the above application may please be sanctioned. We further agrees to  
abide by the terms and conditions of the financial assistance so provided by the State  
Government and furnish all such reports/ information as prescribed by the  
Government.

Certified that the particulates furnished above are correct.



**Form C**

**THIS DEED HYPOTHICATION made on the .....** Two  
Thousand ..... by Shri ..... (President) Son of .....  
aged ..... (House) ..... Shri  
..... (Secretary/Chief Executive) Son of ..... aged .....  
(House) ..... and Shri .....  
(Board Member) Son of ..... aged ..... (House)  
..... for and on behalf ..... a society  
registered under the Kerala Co-operative societies Act 1969. (Act of 1969) and having its  
registered office at ..... (Here  
in after called the hypothecator) in favour of the Governor of Kerala (herein after called 'The  
Government')

Whereas the hypothecator has applied to the Government, for a loan of  
Rs.....(Rupees.....)under the guidelines for the payment of  
financial assistance to the Co-operative Societies/Banks for taking up projects for  
computerization, Core-Banking Solution, Installation of ATM facility & Up gradation of  
Technology and Acquisition of Modern Technological devices for the functioning of  
Banks/Co-operatives.

..... (President) Member No. ....  
.....(Secretary/Chief Executive) .....  
.....(Board Member) Member No. ....

Whereas, the Government have in Order No..... (Here in after referred  
for as the said order) sanctioned the payment of loan of Rs.....  
(Rs.....) to the hypothecated for the purpose of taking up projects for  
computerization, Core Banking Solution, Installation of ATM facility & Up gradation of  
Technology and Acquisition of Modern Technological devices for the functioning of  
Banks/Co-operatives recommended by the working group and Government subjected to the  
terms and conditions contained in the said order and in the guidelines (Copies of which are  
here in attached and which shall form part of this deed as it incorporated herein) and subject to  
the terms and conditions herein after appearing.

Now THESE PRESENTS WITNESS AS FOLLOWS:

In this consideration of the sum of Rs.....(Rupees.....) sanctioned to  
the hypothecator by the Government, the hypothecator do hereby transfer by way of simple  
mortgage to the Government all the assets particulars of which are mentioned and described

here under written to the intent that the assets shall remain and be charged with by way of security for the due and diligent repayment to the Government of the said loan amount with interest, penal interest and cost if any accordance with the guidelines, said order and for the due fulfillment by the hypothecator of the terms and conditions herein contained and those contained in the rules and in the said order and the Government shall have the first charge over the same.

2. The Hypothecator do hereby agree that the hypothecator shall abide by the terms and conditions contained in the Rules and in the said order which shall form part of this deed.
3. The Hypothecator do hereby assure the Government that the hypothecators are the absolute owners of the assets hereby hypothecated and that it is free from any encumbrance or charge of any description whatsoever or any attachment or restraints on alienation.
4. The hypothecator shall not any time during the conference of this security create encumbrance of any kind whatsoever in respect of the assets mentioned and described in the schedule hereto or part with possession of the same and that it shall remain and continue to remain from any encumbrance or liability whatsoever.

..... (President) Member No. ....

.....(Secretary/Chief Executive) .....

.....(Board Member) Member No. ....

5. The Hypothecator do hereby agree that the amount of the loan shall not be utilized for any purpose other than that for which it is granted.
6. The Hypothecator shall maintain a separate register and render correct accounts of the expenditure incurred out of the loan. The accounts shall be open for inspection by any officer authorized on this behalf by the Government or Registrar of Co-operative Societies.
7. The loan shall bear interest at the rate prescribed by government from time to time.
8. The loan amount principal shall be repaid in 10 equal annual installments. The first installment shall fall due on the expiry of the 1<sup>st</sup> year of the date of drawl of the amount. The interest on loan amount shall be paid in six annual installments, the first installment being due on the 11<sup>th</sup> anniversary of the drawal of loan amount.
9. If any installment of principal or interest is not paid on the due date the penal interest at the rate of 2.5% in addition to the usual rate will be paid on the amounts which have become overdue.

10. In case of the hypothecator fails in comply with all or any of the terms and conditions on which the said loan has been granted either by utilizing the loan amount or any point there of or otherwise than as provided in the said guidelines or shall not duly repay the amount of the said loan or any part there of or any interest there on or commit breach of all or any of the terms and conditions herein contained or in the guidelines, or in the said order then and in any such case the Government shall be competent to recover the entire sum there on outstanding in lump at one and the Government shall have power to proceed against the assets herein hypothecated and charged and the Government shall have all the powers vested under the transfer of property act.

..... (PRESIDENT) Member No. ....  
..... (SECRETARY/CHIEF EXECUTIVE) .....  
..... (BOARD MEMBER) Member No. ....

11. The hypothecator do hereby further agree that without prejudice to and in addition to other modes of recovery all sums found due to the Government under or by virtues of these presents shall be recoverable from the hypothecator and its assets herein hypothecated and other movable properties as if such sums are arrears of public Revenue due on land under the provisions of the Revenue Recovery Act for the time being in force and in such other manner as the Government may deem fit.
12. The hypothecator hereby assures into the government that the executants here of on behalf of the hypothecator have got full power and authority to do so as per resolution No. .... dated, ..... of the hypothecator.

## SCHEDULE

- 1.
- 2.
- 3.
- 4.
- 5.

..... Value .....  
..... (President) Member No. ....  
..... (Secretary/Chief Executive) .....  
..... (Board Member) Member No. ....

In ..... witness ..... where of Shri  
..... (President) Shri. .... (Vice president) and  
Shri. .... (Secretary) for and on behalf of the hypothecator, have  
here unto set their hands the day and the years first above written at  
.....(address) within the jurisdiction of the  
Sub Registrar ..... with the intension to register this deed at the  
Sub Registrar Office .....

SIGNED BY ..... (President)

SIGNED BY ..... (Vice President)

SIGNED BY ..... (Vice President)

SIGNED BY ..... (Secretary)

In the presence of witness

- 1.
- 2.

SIGNED By Shri/Smt. .... For and on behalf of the Government of  
Kerala in the presence of witness.

President

Vice President

Secretary

Committee Member



**FORM – D**

THIS AGREEMENT IS executed on this the ..... day of ..... Two thousand and ..... BETWEEN (Hereafter name of the society) a society registered under the ..... Act and having its registered office ..... (hereinafter referred to as "the society/Bank") of the one part of the GOVERNOR OF KERALA (Hereinafter referred to as "the Government") of the other part:

WHEREAS on the application of the society under the "Guidelines – governing Government's Share Capital contribution to Primary Credit Co-operatives/Banks, PACS and State Co-operative Bank/District Co-operative Banks for computerization, Core Banking Solution, Installation of ATM facility & Upgradation of Technology and Acquisition of Modern Technological devices for the functioning of Banks/Co-operatives in the state". (herein after called "the guidelines", which shall form part of this deed as if in corporate herein) for assistance, the Government have in G.O. No. .... dated: ..... (hereinafter 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 to the society subject to the terms and conditions contained in the guidelines, said order and these hereinafter appearing to which the society/Bank has also agreed.

**NOW THESE PRESENT WITNESS AND IT IS HEREBY AGREED AS FOLLOWS:**

1. In consideration of the payment of Rs. .... (Rupees ..... only) the Receipt of which the society/Bank hereby accepts and acknowledges the society/Bank 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 within the time fixed by the Registrar/Joint Registrar of Co-operative Societies.
2. The society/Bank shall repay the share capital contribution amount of Rs. .... in ten equal annual installments of Rs. .... (Rupees ..... only) the first installment

being payable on the date of expiry of third year from the date on which the share capital contribution was disbursed to the society and the subsequent installment on the corresponding dates of the succeeding years.

3. In the case of default in payment of any installment of the amount in accordance with clause (2) above the society/Bank shall pay penal interest at the rate of 2 ½ % per annum from the defaulted installments calculated on the amount defaulted from the last date of default till the date of repayment.
4. The society/Bank shall issue printed share certificate in the name of the Governor of Kerala to the Deputy Registrar of Co-operative Societies within one month from the date of receipt of the share capital contribution.
5. Notwithstanding anything herein contained or in the guidelines or in the said order or in the byelaws of the society/Bank it shall be open to the Government to withdraw at any time without stating any reason whatsoever the whole or any portion of the Government share capital contribution and the society shall thereupon forthwith 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 into the nearest government treasury within one month after the division of profit for each year is approved by the General body of the society/Bank.  
(b) The dividend shall be payable on the share capital contribution made by the Government in the society/Bank from time to time after deduction of the repayment made by the society.
7. In the case the society commits breach of all or any of the terms and conditions herein contained or those contained in the rules and the said order, the society/Bank 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 or touching this agreement the matter shall be referred to the Government and the decision of the Government shall be final and legally binding on the society/Bank.
9. All sums found due to the government under or by virtue of this deed shall be recoverable from the society/Bank and its properties both movable and

immovable under the provisions of the Revenue Recovery Act for the time being in force as though such are arrears 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/Bank as per the resolution No. .... duly passed ..... on ..... it is hereby mutually agreed upon by both the parties that this agreement shall be deemed to have come into force on and from .....

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

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

In the presence of Witness :

1.

2.

Signed by Shri. .... (hereinafter Name and Designation) for and on behalf of the Governor of Kerala.

1.

2.



**FORM – B**

This agreement is executed on this the ..... day of ..... Two thousand and ..... between the ..... registered under the KCS Act 1969 and having its registered office at ..... (herein after referred to as ("the society/Bank")) of the one part and the Governor of Kerala (hereinafter referred to as ("the Government")) of the other part:

**WHEREAS** the society applied to Government for a subsidy of Rs. .... (Rupees ..... only) towards the scheme of the financial assistance to the Co-operative Societies/Banks described under the Rules for the grant of assistance for computerization, Core Banking Solution, Installation of ATM facility & Upgradation of Technology and Acquisition of Modern Technological devices for the functioning of Banks/Co-operatives.

**AND WHEREAS** the Registrar of Co-operative Societies has sanctioned a subsidy of Rs. .... (Rupees ..... only) to the society for the above purpose subject to the terms and conditions contained in the guidelines and those herein contained. Now these presents witness and it is hereby mutually agreed to as follows:

- (1) The amount of subsidy of Rs. .... (Rupees ..... only) is hereby paid to the society/Bank both admit and execute and acknowledge the receipt of the same.
- (2) The said subsidy of Rs. .... (Rupees ..... only) shall immediately after sanction the Registrar of Co-operative Societies shall give permission to withdraw the amount after obtaining agreement and after the society/Bank has fulfilled all the conditions.

The assets acquired by the utilization of the said subsidy shall not be disposed, sold or transferred without prior permission of the Registrar of Co-operative Societies in writing.

In the case the society/Bank commits breach of all or any of the terms and conditions herein contained or those contained in the guidelines and in the said order,

the society/Bank shall on demand pay the entire amount due to the Government in lump at once.

All sums found due to Government under or by virtue of the agreement shall be recoverable from the society/Bank and its assets movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as if such sums are arrears of land revenue and in such other manner as the Government may deem fit.

The society/Bank 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/Bank as per the Resolution No. .... duly passed.

**IN WITNESS WHERE OF** Shri. .... for  
and on behalf of the society and Shri. .... for on behalf  
of the Governor of Kerala have hereunto set their hands and the seal of the  
society/Bank has hereunto been fixed the day, month and year first above written.

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

In the presence of Witness :

1.

2.

Signed by Shri ..... (hereinafter Name and Designation)  
for and on behalf of the Governor of Kerala.

In the presence of Witness :

1.

2.