

GOVERNMENT OF KERALA

Abstract

Co-operation Department -Rules for grant of financial assistance to Co-operatives including Agricultural Credit Co-operatives for development of infrastructural facilities for Agricultural Credit activities in the form of Loan and Share Capital contributions under NCDC Scheme-Approved -Orders issued.

Co-operation (B) Department

G.O (Rt) No: 338/2011/Co-op

Dated, Thiruvananthapuram, 19.05.2011

- Read: (1) Letter No.NCDC:16-3/2010 P(SC) dated 02.12.2010 from the Managing Director, NCDC, New Delhi.
(2) Letter No.CP(4)57386/10 dated 21.03.2011 from the Registrar of Co-operative Societies, Thiruvananthapuram.
(3) Decision of the Working Group held on 01.03.2011.

ORDER

As per the letter read as 2nd paper above, the Registrar of Co-operative Societies has forwarded the draft rules for grant of financial assistance to Co-operatives for development of infrastructural facilities for Agricultural Credit activities in the form of Loan and Share Capital contributions under NCDC Scheme. The Working Group Meeting held on 01.03.2011 has resolved to approve the draft rules furnished by the Registrar of Co-operative Societies, subject to certain modifications.

Government have examined the matter in detail, and are pleased to approve the rules for grant of financial assistance to Co-operatives including Agricultural Credit Co-operatives for development of infrastructural facilities for agricultural credit activities in the form of Loan and Share capital contributions under NCDC Scheme. The Rules are appended to this order.

(By the order of the Governor)

P.K.MOHANTY

Additional Chief Secretary to Government

To

The Managing Director, NCDC, 4- Siri Industrial Area, Hauz Khas, New Delhi-16
✓ The Registrar of Co-operative Societies, Thiruvananthapuram
Principal Accountant General (A&E)(Audit) Thiruvananthapuram
Finance Department
Stock File/ Office Copy

Forwarded/By order


Section Officer

RULES FOR GRANT OF FINANCIAL ASSISTANCE TO CO-OPERATIVES INCLUDING
AGRICULTURAL CREDIT CO-OPERATIVES FOR DEVELOPMENT OF
INFRASTRUCTURAL FACILITIES FOR AGRICULTURAL CREDIT ACTIVITIES IN THE
FORM OF LOAN AND SHARE CAPITAL CONTRIBUTIONS UNDER (NCDC) SCHEME.

1. These rules may be called the "Rules for grant of financial assistance to co-operative societies/Banks for infrastructural facilities for the agricultural credit activities".
2. Assistance under these rules shall be given to Primary Agricultural Co-operative Societies, Primary Co-operative Agricultural Rural Development Bank, District Co-operative Bank State Co-operative Bank, and State Co-operative Agricultural and Rural Development Bank.
3. Eligibility Criteria
 - a. The Societies /Banks should have provision in the byelaws to undertake agricultural credit activities.
 - b. The society/Bank should have a minimum paid up share capital of Rs. 1.00 lakh.
 - c. The Co-operative Society should have positive net worth.
 - d. The Society/Bank should have an elected Managing Committee.
 - e. The Society/Bank should have a full time paid secretary
 - f. The Society should be free from corrupt practice and there should not be any dues to Government.

4. Mode of Financing

The assistance shall be provided through the State Government on the following pattern to the projects/purposes.

5. Pattern of funding

NCDC TO STATE GOVERNMENT	STATE GOVERNMENT TO SOCIETY/BANK	
Loan - 90% of the project cost	Loan - 50% SC - 40%	10 % should be met by the Society out of own funds

2. Purpose

The assistance will be given for the following purposes:-

Construction, Maintenance, Repairs, Expansion, Repair, Renovation etc. of Infrastructural facilities such as branch/office buildings, counters, strong rooms, safe deposit vaults, vehicles, furniture & fixtures etc. of agricultural credit Co-operatives.

7. Procedure for Application

Application in prescribed format in quadruplicate 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 from Government, under NCDC Scheme.
- b) Undertaking by the Board of Directors to abide by the conditions of these rules and the instructions issued by the Registrar of Co-operative Societies Government from time to time and to execute the agreement in the prescribed form.
- c) A detailed project report on the proposed project activity to be implemented for availing the assistance.
- d) Financial statements of the society for the past two years and copies of latest Audit Certificate and tentative Balance Sheet for the period, if any, in which the audit of accounts are not completed, verified and duly certified by the Assistant Registrar of the Taluk.
- e) Board resolution agreeing to maintain the ratio 1:5 between the share amounts collected from among members and Government contribution.
- f) No dues certificate by the Joint Registrar (General) of the district concerned stating that there is no amount due to the Government by the society, in any form.
- g) Certificate from the Joint Registrar (General) of the district concerned to the effect that the society is free from corrupt practices.

The Joint Registrar (General) of the district will appraise the project report and forward to the Registrar of Co-operative Societies with his clear recommendation. The eligibility of the society for assistance and its repayment capacity with full particulars of financial positions shall be reported by the Joint Registrar while recommending the application. The Registrar of Co-operative Societies may after enquiry as deems fit and satisfying himself shall recommend the proposal to the NCDC through State Government.

8. Quantum of Assistance

- A Share Capital: The Society shall be eligible for the Government Share Capital contribution to the extent of 5 times of the paid up share capital raised from among the members of the Society, subject to a maximum of Rs. 50 lakhs to the Societies classified as special grade class I, II and III

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8. Interest - The interest payable on the loan shall be fixed by the Government, as may be decided, as provided in the financial report, subject to a maximum of 50% of the project cost.
9. The Government shall be the authority competent to sanction the assistance to the society.
10. Drawal of Assistance - The society receiving the Government assistance under these rules shall execute an agreement in Form A for availing Share Capital Contribution and a mortgage deed in Form B for availing loan portion. The assistance sanctioned by the Government/NCDC shall be drawn and disbursed by the Registrar of Co-operative Societies after obtaining agreement, share certificate, receipt and after satisfying that the institution concerned has fulfilled all the terms and conditions. The society shall not withdraw the amount or part thereof, without prior permission of the Registrar of Co-operative Societies.
11. Utilization: The assistance provided under these rules shall be utilised only for the purpose for which it was sanctioned, within a period of 12 months from the date of drawal of assistance. The Registrar of Co-operative Societies shall be competent to extend the period of utilization for 6 months on genuine grounds. If the society fails to utilize the amount within the sanctioned period, the entire assistance with interest as on date shall be refunded to Government in lump.
12. Repayment of Share Capital - The share capital contribution sanctioned to a society under these rules shall be repaid in 10 equal annual instalments commencing from the 2nd anniversary of the deemed date of drawal of the amount from the treasury.
13. Period, Moratorium & Repayment of Loan. The loan amount should be repaid with interest within a maximum period of 8 years or within a period as may be fixed by Government/NCDC with moratorium period of 1-2 years in repayment of loan depending upon the project gestation period. There shall be no moratorium in payment of interest. The loan shall be repaid in annual instalments and the first installment of repayment of loan falls due in the second anniversary of the deemed date of drawal of the amount from the treasury. Rate of interest prevailing at the time of disbursement of funds shall be applicable. The Government/NCDC shall have the right to alter the above periods.
14. The Society shall not sell, transfer or otherwise dispose off or create any encumbrance on the movable or immovable assets acquired out of the financial assistance availed under the scheme without the consent of the Government.
15. The society shall insure the assets acquired out of the financial assistance availed under the scheme, against loss or damage, with State insurance department or any Insurance Company for a sum not less than the cost of the asset and the policy be assigned in favour of Government. The Society shall

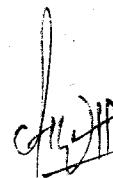


16. The Joint Registrar (Co-operatives) of the concerned district shall maintain Demand-Collection-Balance Register under the scheme and shall watch the utilization of assistance, repayment of share capital contribution, repayment of loan and interest thereon and furnish the utilization certificate of assistance to the Accountant General, Kerala in due course, under intimation to Registrar of Co-operative Societies. The Registrar of Co-operative Societies shall be competent to issue any directions that he may consider necessary, for the proper utilization of the assistance.
17. The President, the Board of Directors and the Secretary/Chief executive of the Society shall be jointly and severally responsible for the proper utilization of the assistance received under the scheme.
18. The dividend on the share capital contribution of Government shall be remitted in the Treasury within one month after the declaration of dividend by the General Body of the Society.
19. The society shall not refund any share to its members, which will affect the 1:50 ratio between the members' contribution and the Government contribution.
20. Consequence of default of repayment: 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.
21. 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 Government may deem fit.
22. Notwithstanding anything contained in the byelaws of the society, or any agreement what so ever, it shall be open to the Government to withdraw at any time the whole or any portion of the share in which case of the society shall be liable to refund to Government the value of the share so ordered to be withdrawn.
23. The assets acquired from of the financial assistance availed under the scheme shall become the property of the Government till the loan/share capital is fully repaid to Government.
24. The Government may by an order for reasons to be recorded in writing, exempt any society from any of the provisions of these rules.



to the extent prohibited by applicable laws and regulations, the following conditions shall also be satisfied by the borrower:

- a) The vehicle shall not be purchased from private parties after having obtained tenders. The body building of vehicles shall also be done after obtaining quotations/tenders.
- b) The society shall purchase the vehicle within 30 days from the date of drawal of the amount and furnish utilization certificate to the authority concerned.
- c) The society 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 and agreement.
- d) 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.
- e) The vehicle purchased shall be got insured by the borrower.



AGREEMENT

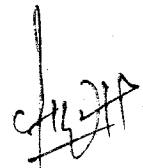
THIS AGREEMENT is executed on this the day day
of

..... Thousand..... BETWEEN (here enter the name of the society) a society registered under the Kerala Co-operative Societies Act, 1969 and having its registered office at (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 for grant of financial assistance to co-operative societies/banks undertaking agricultural credit activities in the form of loan/share capital under National Co-operative Development Corporation (NCDC) Scheme (herein after called "the rules" which shall form part of this agreement as in incorporated herein) for assistance, the Government have in G.O. No..... dated..... (herein after called the "said order") which shall form part of this agreement as if incorporated herein sanctioned the payment of an amount of Rs..... as Share Capital Contribution and Loan to the said society subject to the terms and conditions contained in the Rules, said order and these agreement hereinafter appearing to which the society has also agreed

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

1. In Consideration of payment of Rs..... (Rupees..... Only) the receipt of which the society hereby accepts and acknowledges and 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 unutilized 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 shall repay the share capital contribution amount of Rs..... in ten equal annual instalments of Rs..... (Rupees..... Only) the first instalment being repayable on the date of expiry of the 2nd anniversary year from the date on which the share capital contribution was disbursed to the society and 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, the society shall pay penal interest at the rate of 2.50% per annum for the defaulted instalments calculated on the amount defaulted from the last date of default till the date of repayment.



2. The society shall issue shares and certificates in the name of the Governor of Kerala to the Registrar of Co-operative Societies within one month from the date of receipt of the share capital contribution.
3. Notwithstanding anything herein contained or in the rules or bye-laws or in the bye-law of the society 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 there upon forthwith refund the amount so withdrawn in a lump.
4. (a) The dividends not less than 5% every year on the shares allotted to Government shall be paid to the Government by remittance in the nearest Government Treasury within one month after the division of profit for each year is ascertained by the General Body of the society.
5. (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.
6. 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.
7. 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.
8. All sums found due to the Government under or by virtue of this agreement 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 though such are arrears of land revenue and in any other manner as the Government may deem fit.
9. The society hereby declares that the executants hereof 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 resolution number duly passed.
10. It is hereby mutually agreed upon by both the parties that this agreement shall be deemed to have come into force on and from



ALL RIGHTS RESERVED. THE GOVERNOR OF KERALA HAS HERETOFORE
APPROVED THE REGISTRATION OF THE SOCIETY AND THE GOVERNOR OF
KERALA HAS HERETOFORE APPOINTED THEIR NAMES AND SEAL OF THE SOCIETY HAS HERETOFORE
BEEN QUOTED BY THE GOV. ORDER AND HAS BEEN QUOTED BY THE GOV.

Signed by Sri for and on behalf of the society.

In presence of Witness:

1.

2.

Signed by Sri (here enter name and
designation) for and on behalf of the Governor of Kerala.

In presence of Witness:

1.

2.

THIS DEED OF MORTGAGE made this the day of by one
..... Co-operative 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; hereinafter called the "Government").

WHEREAS the Mortgagor has applied for financial assistance of Rs. as
loan and Rs. as share capital under the rules for grant of financial
assistance to co-operative societies undertaking agricultural credit activities under
National Co-operative Development Corporation (NDC) Scheme (herein after referred to
as the "Rule")

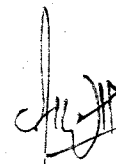
WHEREAS the Government have in order dated (hereinafter
referred as "The order") and sanctioned the payment of a sum of
Rs. (Rupees Only) by way of loan/share capital contribution
for the purpose of subject to the terms and conditions contained in
the order and the Rules, copies of which are hereto annexed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

NOW THIS 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) the Mortgagor doth hereby transfer by way of simple
mortgage to the Government the leasehold right of the Mortgagor in respect of the
property described b 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 intend that the said loan amount, interest and penal interest, if any, in
accordance with the Rules and the 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, 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 lot or lease of part with possession of the same and the
same shall remain and continue to remain free from any encumbrance or liability
whatssoever.



5. The Mortgagor shall start the project for which the loan granted within three months from the date of receipt of the assistance and shall execute the work in accordance with the directions of the officer authorized in this behalf by the Government and shall complete the project within the time limit specified in the order sanctioning the loan.
6. The Mortgagor shall maintain a register and render correct account of expenditure incurred out of the loan. The accounts shall be open to inspection by such officers authorized in this behalf by the Government.
7. The Mortgagor shall refund to the Government the excess amount over the actual cost of the project within a month.
8. The loan shall bear interest at the rate fixed by the NDCO/Government.
9. The loan amount should be repaid with interest in 6 instalments with moratorium period of 12 years in repayment of loan. The first instalment shall become due on the date of expiry of second 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.
10. If the instalment or principal or interest is not paid on the due date, of penal interest at the rate of 2.50% in addition to the usual rate shall be paid on such amount as are not paid on the due dates.
11. The Mortgagor shall insure the assets acquired out of the financial assistance availed under the scheme, against loss or damage, with State Insurance department or any Insurance Company for a sum not less than the cost of the asset and the policy be assigned in favour of Government. The Mortgagor shall not dispose of or lease or hire out the assets without the prior sanction of the Government.
12. 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.



13. The Mortgagee shall be bound to pay to the Government all arrears of land revenue which may be due to the Government and there shall be no deduction of the cost of the Mortgagee's retention of all the land and interest in the property mortgaged as aforesaid and as mentioned in the Mortgagee's schedule.

14. All sums (such) due to the Government under or by virtue of these presents shall be recoverable from the mortgagor and the properties mentioned and described in the schedule here underwritten 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.

15. 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.

16. This deed 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

Registration District

Registration Sub District

Taluk

Village

Firka

Desom

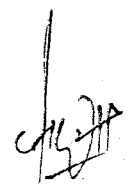
Corporation

Plot No

Tenure

Survey and Sub Division Nos.

Extent



WITNESSES

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 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.....



Deed

The mortgage deed is made on this the _____ Day of _____ 19____
between _____ of _____
the _____ Society Ltd No. _____ a society registered under the
_____ and having its registered office at _____ (herein
after referred to as the society) in favour of the Government of Karnataka (herein referred
to as the Government)

Whereas by an agreement executed between the same parties
on _____ (herein after referred to as "the Agreement") the Government have
advanced to the Mortgagor or loans of Rs. _____ under the Rules for grant of
financial assistance to co-operative societies/banks undertaking agricultural credit
activities, in the form of loan/share capital under National Co-operative Development
Corporation (NCDC) Scheme (herein after referred to as the "the said rules") which
expression shall include any amendments thereof or additions thereto for the time being
in force for the purchase of vehicle and for body building, subject to the conditions that the
society will within two weeks from the date of purchase of the vehicle execute a document
hypothecating the said vehicle to the Government as security for the loan amount
together with interest and costs, if any, and for the due fulfillment of the terms and
conditions contained therein.

Now this deed witnesses as follows:-

1. In pursuance 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 vehicle described in the schedule
here to the intent that vehicle 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 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 _____ annual instalments in the manner prescribed in the
said rules.
5. The loan shall bear interest at the rate of _____ per annum. Interest accrued till the
date of repayment of each instalment of loan shall be paid along with that
instalment.



7. The society shall keep the vehicle in good condition and shall carry out all 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 of Co-operative Societies for the full value thereof with State Insurance department or any Insurance Company within one month from the date of 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 vehicle 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 mortgagee under section 69 and 69 A of the Transfer of Property Act in respect of power to sell without the intervention of the Court and in the matter of appointment of receiver etc.

The society hereby further agree that without prejudice and in addition to other modes 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 behalf of the society have hereunto set
 their hands the day and year first above written.

SCHEDULE
 (H E details)


Signed by Shri

Signed by Shri

In the presence of witness

1.

2.


 Section Officer.