

24443



## GOVERNMENT OF KERALA

Abstract

Co-operation Department - Rules Governing Government Share Capital Contribution to the Urban Co-operative Societies - Approved- Orders issued.

**CO-OPERATION (B) DEPARTMENT**

G.O(Ms) No,68/2014/Co-op Dated, Thiruvananthapuram, 27.05.2014

Read:- 1) Decision of the Working Group held on 19.02.2013  
2) Letters No. CG (3)35205/12 dated 24.03.2013, 17.06.2013, 18.12.2013 and 20.02.2014 from the Registrar of Co-operative Societies, Thiruvananthapuram.

**ORDER**

The Registrar of Co- operative Societies has forwarded a proposal regarding the Rules Governing Government Share Capital Contribution of the Urban Co-operative Societies for approval as per the 2<sup>nd</sup> paper read above, based on the decision of the Working Group Meeting of Co-operation Department held on 19.02.2013.

2. Having examined the matter in detail, Government are pleased to approve the Rules Governing Government Share Capital Contribution to the Urban Co-operative Societies. The approved Rules are appended to this order.

(By order of the Governor)

**K.S. SRINIVAS**  
**SECRETARY TO GOVT.**

To

✓ The Registrar of Co-operative Societies, Thiruvananthapuram  
The Principal Accountant General (A&E/Audit), Kerala, Thiruvananthapuram  
The Finance Department  
(Vide U.O.No.36870/AW.C1/14/Fin dated 12.05.2014)  
The Planning & Economic Affairs Department  
(Vide U.O.No.13131/A1/13/Plg dated 31.03.2013)  
Stock File/ Office Copy.

Forwarded/By order

Section Officer

**RULES GOVERNING GOVERNMENTS SHARE CAPITAL CONTRIBUTION TO  
THE URBAN CO-OPERATIVE SOCIETIES.**

These Rules may called the Rules for the payment of Share Capital Assistance to the Urban Co-operative Societies under the State Plan Scheme.

1. The Government may contribute to the Share Capital of Urban Co-operative Societies under the State Plan Scheme.  
The Financial support under this scheme is to raise the share capital base of the Urban Co-operative Societies in the State.
2. In order to avail the assistance under this scheme, the Urban Co-operative Societies should satisfy the following conditions.
  - a) The society should have a minimum membership of 4000.
  - b) The society should have a minimum paid up Share Capital of Rs 2,00,000/- (Rs. Two lakh ) from individual members.
  - c) The society should not have overlapping with any other Urban Societies in their area.
  - d) There should be adequate provision in the bye-laws for State participation in the Share Capital of the Society.
  - e) The Society should have a full time qualified Secretary/Chief Executive Officer.
  - f) The audit classification should be A,B or C
  - g) The Society should have loan outstanding of not less than 1 crore (One crore) as on the date of submission of application
  - h) The Society should have deposit outstanding of not less than 1.50 crore as on date.
  - i) The overdue position should not exceed 30% of the loan outstanding.
  - j) The Society should have positive net worth as on the date of application.
  - k) Audit of the concerned Urban Co-operative Society should be completed up to the previous year.
  - l) Those societies which have defaulted in the repayment of Government loan, share and any other financial assistance from Government have no eligibility to get share capital assistance.
3. The Registrar of Co-operative Societies shall be competent to relax the conditions stipulated in Rules 2 above in deserving cases with the concurrence of Government.

4. The maximum amount eligible under this scheme at a time will be Rs 1 lakh(One lakh) where as, the maximum amount of share contribution to the society under this scheme shall not exceed the total paid up Share Capital of the society subscribed by the individual members, or Rs.2 lakh (two lakh) which ever is less.
5. The Application for Share Capital Contribution shall be forwarded to Registrar of Co-operative Societies through the Joint Registrar concerned with his recommendation in the form appended to these Rules.
6. The application should be accompanied with the following resolutions and certificates.
  - I. Resolution that the Society shall adhere to such terms and conditions as Government/Registrar of Co-operative Societies may prescribe from time to time.
  - II. Resolution requesting the Government for Share Capital Contribution.
  - III. Certificate by the Joint Registrar to the effect that there is no Government dues.
  - IV. Certificate by the Joint Registrar to the effect that the Society is free from corrupt practices.
7. The Registrar of Co-operative Societies shall sanction the assistance under this scheme to the urban Co-operative Societies.
 

The Share Capital contribution under the scheme shall be retired in 10 annual equal installments, the first installment falling due on 3<sup>rd</sup> anniversary of drawal of this amount and the subsequent installments on the corresponding date of the succeeding years.
8. In the event of default in payment of annual installment, the Society is liable to pay penal interest @2.5% of the defaulted installment and Registrar of Co-operative Societies shall be competent to order Summary recovery of entire balance amount under Government Share as though they were arrears of land revenue under the provisions of Revenue Recovery Act 1968 for the time being in force.
9. The dividend on the Share Capital Contribution by the Government under this scheme shall be remitted in the Treasury within two month after the declaration of the dividend by the General Body of the Society.

10. The Society receiving the assistance under this scheme shall, within a period of one month, issue the Share Certificates and furnish certificate to the effect that the amount has been bought into the account.
11. The Joint Registrar of Co-operative Societies shall be the authority to watch proper utilisation of the assistance sanctioned and for obtaining the Share Certificates and watch the retirement of Share Capital assistance.
12. The Urban Co-operative Societies receiving assistance under this scheme shall execute an agreement in the prescribed form.

#### FORM OF AGREEMENT

The agreement is executed by Urban Co-operative Society Ltd between .....(Here enter the name of Urban Co-operative Society with the Register No).....a Society registered under the Kerala Co-operative Societies Act 1969, and having its registered office at.....(Here in after referred to as the Society on the one part and the Governor of Kerala .....(Herein after referred to as the Government) of other part whereas the society has applied for the payment of a sum of Rs.....(Rupees.....Only) by way of Share Capital contribution to the Society under the rules governing Government Contribution towards Share Capital Assistance to Urban Co-operative Society under the State Plan Scheme (Herein after referred as the Rules)

And Whereas the request of the Society the Registrar of Co-operative Societies for and behalf of the Government of Kerala has sanctioned the payment of a sum of Rs.....(Rupees.....only) to the society as per this order No.....(Here in after referred to as the said order, a copy to which is attached hereto) which shall form a part of this agreement as incorporated herein subject to the terms and conditions contained in the said order, and in the rules those herein whether appearing to which the society has also agreed.

Now These Presence witness and hereby agreed as follows:-

1. The Society shall utilize the Share Capital Contribution amount of Rs.....(Rupees.....only) for the purpose of strengthening to its Share Capital of the Society and it shall not be used for any other purpose.
2. The Society shall return the Share Capital Contribution of an amount of Rs.....in ten equal installments of Rs.....(Rupees .....only) the first installment falling due on the 5<sup>th</sup> anniversary of the date of drawal of the amount by the bank and the subsequent on the corresponding date of the succeeding years.
3. In the case of default in payment of the installment of the amount in accordance with clause above, the bank shall pay penal [interest@ 2.5%](#) per annum for the default of the amount.
4. The Bank shall furnish to the Joint Registrar of Co-operative Societies printed Share Certificates in favour of the Government within one month from the date of encashment of the amount.
5. Notwithstanding anything containing in the rules in the byelaw of the Society it shall be the Government to withdraw at any time 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 lump.
6.
  - a) The society shall remit the dividend occuring on the share Capital Contribution in to Government Treasury within one month from the date of the dividend declared by the General body of the Society.
  - b) The dividend shall be payable to the Share Capital Contribution made by the Government and then, with the Society from time to time after reducing the payments made by the Society.

7. The Society shall strictly abide by the terms and conditions containing the rules and in the said order and those herewith contained.
8. In the case of Society commits, breach of one or any one of the terms and conditions herein contained or those contained in the rules and in the said order, the entire amount of Share Capital Contribution sanctioned become payable in lump at once by the society.
9. It is hereby declared that the execution of this agreement for and on behalf of the Society have the power and authority to do by virtue of Resolution.....dated.....(Here enter the authority).
10. All sums found/due to the Government under or by virtue of this agreement shall be recoverable from the Society and its assets both movable and immovable under the provisions of the Revenue Recovery Act for the time as though such sums are arrears of land revenue and in such other manner as the Government may deem fit.

In Witness where of Sri.....(President/Chairman)  
 and Sri.....(Secretary/General Manager) for and  
 on behalf of the Society and Sri.....Joint Registrar of Co-operative  
 Societies (General) district for on behalf of the Governor of Kerala have  
 herein to set their hands and the seal of the Society has here unto  
 opened affixed the day, month and year first above.

**APPLICATION FOR AVAILING FINANCIAL ASSISTANCE TO URBAN CO-  
OPERATIVE SOCIETIES BY WAY OF SHARE CAPITAL CONTRIBUTION  
UNDER STATE PLAN**

- a) Name and Postal Address of the Urban Co-operative society with Taluk, and District and Pin code.
- b) Registration No. and Date of Registration.
- c) Area of operation of the Society and whether its area is overlapped by another Urban co-operative society
- d) Board of Directors (Elected)  
Administration/Administrators Administrative Committee
- e) Membership and paid up Share Capital So on March 31<sup>st</sup> of the year, applied for assistance
  - a) Individual
  - b) Government

Financial Position of the Society on

- 1) Paid up Share Capital
- 2) Borrowings
- 3) Deposits
- 4) Loan Outstanding with members
  - Short term
  - Long term
  - others
- 5) Fixed Assets
  - Movable/immovable
  - Accumulated Profit/Loss
- 6) Audit Classification (As per the latest Audit Certificate)
- 7) Amount of Loan Outstanding
  - A) Amount of Loan outstanding with members.
  - B) Demand under the above
  - C) Percentage of over dues

- 8) If percentage of over dues is above 25, action taken by the Society for reducing the over dues (A brief notice is to be attached)
- 9) a) Amount required for meeting the credit requirements of the members during the current year.
- 10) Amount of Share Capital Contribution applied for
- 11) a) Whether there is any Government dues pending to be remitted (including dividend as Government Share Capital)
- b) Whether the society is free from corrupt practices.
- c) Whether General Body Meeting has been convened and budget passed for the Current years.  
If not specify the years to which General Body has been convened.

(President)

Secretary of the .....Co-operative Urban Society request that the Assistance by way of Share Capital Contribution applied for in the above application may please be sanctioned.

We further agree to abide the terms and conditions of the assistance provided by the State Government and to furnish all such reports/information as may be prescribed by the Government/Registrar of Co-operative Societies.

Signature of President

Secretary  
Board of Members

1)

2)