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## GOVERNMENT OF KERALA

Abstract

Co-operation Department - Annual Plan 09-10- New Scheme- Financial assistance for model Co-operatives- Rules/Guidelines for the utilization of fund - Approved-Orders issued.

**Co-operation (B) Department**

G.O (Rt) No:148/2010/Co-op

Dated, Thiruvananthapuram,08.03.2010.

- Read :-1. Letter No CLT (2) 26125/09 dated 22.12.2009 from the Registrar of Co-operative Societies, Thiruvananthapuram.  
2. Working Group Meeting held on 06.01.2010.

**ORDER**

The Registrar of Co-operative Societies, as per the letter read above, has forwarded the draft rules/guidelines for granting financial assistance to Model Co-operatives, which is a new scheme to be carried out in the Co-operation department during the financial year 2009-10.

2. After having examined the matter in detail, Government are pleased to approve the rules/guidelines for the grant of financial assistance to Model Co-operatives which is appended to this order.

(By order of the Governor)

P.K.MOHANTY

For Additional Chief Secretary to Government

To

The Registrar of Co-operative Societies, Thiruvananthapuram.  
The Principal Accountant General (Audit) Thiruvananthapuram.  
The Accountant General (A&E) Thiruvananthapuram.  
The District Treasury Officer, Thiruvananthapuram  
Finance Department  
Planning and Economic Affairs Department.

✓ Stock File/ Office Copy

Forwarded/By Order

Section Officer

## ASSISTANCE FOR MODEL CO-OPERATIVES

### Introduction

An amount of Rs. 230.00 lakh is set apart for promoting innovations in Co-operative Sector and for promoting model co-operatives for the year 2009-2010. An amount of Rs.10.00 lakh is set apart for providing awards for excellence in the sector. The outlay will be used for extending support for healthy co-operatives with a consistent positive net-worth for the last five years. A High Level Committee has to be constituted to prepare the list of co-operatives eligible for assistance under the scheme. The criteria for selection and Rules have to be framed for the implementation of the scheme. Based on the above directive of Government, a model co-operative society has to be properly defined.

### MODEL CO-OPERATIVE SOCIETY

The essence of co-operation is that individuals come together to achieve as a collective group what they cannot achieve as individuals alone. The co-operative societies have an advantage compared to other forms of enterprises, derived from its social ties and rational approach. In Kerala, more than 12000 co-operatives are working under the control of the Registrar of Co-operative Societies. But selecting a Model Co-operative Society among these co-operatives is a difficult process. Hence guide lines are essential for selection of Model Co-operatives and Rules are essential for providing assistance under the scheme.

Hence the rules are framed and these Rules may be called "The Rules for The Payment of Financial Assistance for Model Co-operatives".

### RULES FOR FINANCIAL ASSISTANCE FOR MODEL CO-OPERATIVES

1. The object of the schemes is to promote innovations in the co-operative sector and to promote successful model co-operatives which have contributed exemplary performance in their field of activities and to popularize the innovations and models in the sector. Further, to provide awards for the societies for excellence in the sector.

2. Eligibility :

All types of co-operatives coming under the administrative control of the Registrar of Co-operative Societies, which are promoting innovations in the co-operative sector and functioning as models in the sector.

3. The assistance under the scheme will be in the pattern as shown below which shall be approved by a High Level Committee on the basis of the performance report by the Chief Executives of the society and approved by the Managing Committee of the society by a resolution and recommended by the Registrar of Co-operative Societies.

Subsidy	:	20
Share	:	40
Loan	:	40

4. The maximum assistance should be limited to 25 times of paid-up share capital or 25.00 lakhs whichever is less and the assistance shall be in the form of share subsidy and loan. No assistance will be sanctioned, if the society has been assisted within a period of 5 years under this scheme.

5. The criteria for selection of a Model Co-operative Society and to promote innovations in the sector are as follows:-

(a) The society should have an elected Board of Directors and a full time qualified Managing Director/Secretary.

(b) There should be adequate provision in the byelaws of the society for state participation in the share capital of the society.

(c) The society should be viable one, and should have earned profit for the last 5 years and possess positive networth, as per the last audited balance sheet, and the tentative balance sheet of the preceding year.

(d) The society selected should not have any amount outstanding as overdraft to Government as loans and share capital availed from Government/NCDC.

(e) The general body of the society should be convened yearly and dividend should be declared regularly.

(f) There should not be any irregularities in the working of the society for past 5 years and should be free from all corrupt practices.

(g) The General Body of the society should be convened at least once in a co-operative year.

(h) The working of the society should be a model in all respects, and functioning of the society should be within the objectives of the byelaws of the society, i.e., in admission of members, mobilization of deposits, loans to members, loans to SC/ST, women, minorities, percentage of recovery, NPA %, declaration of dividend, activities undertaken by the society for the welfare of members and general public, training to the Board Members, employees, seminar/workshop conducted by the society for the members, storage facility for agricultural produce, marketing facilities, organization of Self-Help-Groups, activities undertaken by the Self-Help-Groups, innovation programmes organized/initiatives by the society and the successful implementation of Govt sponsored programmes, implementation of programmes for the members to be self-reliant, linkage with the local bodies, functioning of units under the society, employment opportunities generated, new schemes organized successfully and considered as a ideal scheme to be popularized among other co-operatives, new ventures undertaken, etc will be considered to be categorized as a model co-operative society. Participation/contribution in social activities in the area are desirable.

6. For providing awards to the societies for their best performance, the selection will be made by the High Level Committee on the parameters prescribed by Government from time to time.

7. The application for the assistance under the scheme shall be made in Form-A and forwarded to the Registrar of Co-operative Societies through the Joint Registrar (General) of the concerned district. The application shall be supported by a resolution of the Managing Committee of the society, the detailed report on the functioning of the society for the last 5 years with facts and figures.

8. The Joint Registrar of Co-operative Societies (General) of the district concerned shall recommend the proposal along with the progress report on the functioning of the society at present, to the Registrar of Co-operative Societies. The Registrar of Co-operative Societies shall send the proposal with the appraisal report to Government. The appraisal report shall contain full details about the working of the society. After getting the recommendation of the High Level Committee, Government will sanction the assistance subject to availability of the budget provision for the scheme.

9. The maximum amount of assistance shall be fixed by the High Level Expert Committee depending upon the quantum of business and cost and nature of the

project/proposed activities subject to the maximum limit fixed as per Rule 2 (ii). In the case of projects, the maximum assistance will be limited to 90% of the project cost.

10. The project will be appraised/reviewed by a committee consisting of Registrar of Co-operative Societies, Finance Officer, Additional Registrar of Co-operative Societies (Credit) in the office of the Registrar of Co-operative Societies and the Principal Institute of Co-operative Management (ICM), Thiruvananthapuram and thereafter the Working Group in the Government for sanction.

11. The Government will sanction the assistance on the recommendations of High Level Committee/Working Group.

The society receiving the assistance, except award, under the scheme shall execute an agreement in Form-B and Mortgage Deed in form-C ( appended to the rules).

12. The amount sanctioned by Government shall be drawn by the Registrar of Co-operative Societies and transfer credited to the account of the beneficiary society. Registrar of Co-operative Societies may give necessary orders to withdraw the amount after obtaining the agreement, share certificate and receipt. The agreement and connected records shall be kept under the safe custody of Registrar of Co-operative Societies or any other officer authorized for this purpose.

13. The Co-operative society shall not sell, transfer or otherwise dispose or create any encumbrance on the movable or immovable assets purchased from financial assistance availed under the scheme without the consent of the Government.

14. The assistance sanctioned under the scheme shall be utilized within a period of one year from the date of drawal of advance and if the society fail to utilize the amount within one year, the entire assistance with interest as on date shall be refunded to Government, in lump. The Joint Registrar(General) of the concerned district shall maintain Demand Collection Balance Register under the scheme and watch the utilization of the assistance, retirement of share capital contribution.

repayment of loan, installments and interest there on and furnish certificate of the assistance to the Accountant General, Kerala in due course.

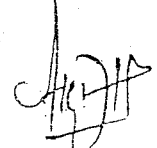
15. The share capital contribution under the scheme shall be recovered in 10 equal installments commencing from the 2<sup>nd</sup> year from the date of drawal of assistance the subsequent installments on the corresponding date during the succeeding year. The loan amount shall be repaid in 10 equal annual installments along with interest fixed by the Government from time to time. The first installment shall fall due on the expiry of 3<sup>rd</sup> year of the date of drawal of the amount.

16. In the event of default in repayments of share capital assistance and interest assistance, the society will be liable to pay penal interest @ 2.5% per annum for defaulted installments.

17. 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 Meeting of the society.

18. If the society makes default in the repayment of any installments or installment of the assistance, the entire amount sanctioned under the scheme with interest as on the date shall become recoverable in lump. The Registrar of Co-operative Societies shall be competent to order for the recovery of assistance under the scheme under the provision of the Revenue Recovery Act 1969 for the time being.

19. The President, Board of Directors and Secretary/Chief Executive of the society shall be jointly and severally responsible for proper utilization of the assistance received under the scheme.

  
Section Officer