



GOVERNMENT OF KERALA
Abstract

Co-operation Department - Rules for the payment of Financial Assistance by way of share capital contribution, Loan and Subsidy under the rehabilitation package for weak but potentially viable co-operatives and for the revival of defunct primary co-operative societies- Rules amended- Orders issued.

CO-OPERATION (B) DEPARTMENT
G.O (MS) No. 180/2011/Co-op Dated, Thiruvananthapuram, 22.12.2011

- Read:- 1) G.O(MS) No. 41/95/Co-op dated 13.03.1995
2) Letter No. C LT(3))32024/11 dated 15.09.2011 from the Registrar of Co- operative Societies, Thiruvananthapuram.
3) Decision of the Working Group held on 17.08.2011.

ORDER

As per the Government Order read as 1st paper above, the Government have issued Rules for the payment of Financial Assistance by way of share capital contribution, Loan and Subsidy under the rehabilitation package for Weak but potentially viable co-operatives and for the revival of defunct primary Co-operative societies . As per the letter read as 2nd paper above, the Registrar of Co- operative Societies has forwarded proposal for the amendment of the above Rule. The Working Group Meeting held on 17.08.2011 has resolved to amend the above Rules incorporating the following two conditions as 2(a) in the draft rules.

The Following criteria shall be followed for deciding eligibility of societies.

- (I) Societies with cumulative loss not exceeding own fund of the society
- (II) Societies with minimum 10 years of effective working experience.

2. Government have examined the matter in detail, and are pleased to amend the Rules for the payment of Financial Assistance by way of share capital contribution, Loan and Subsidy under the rehabilitation package for Weak but potentially viable co-operatives and for the revival of defunct primary Co-operative societies. The amended Rule is appended to this order.

(By the order of the Governor)

DR. V.M. GOPALA MENON
SECRETARY TO GOVT.

To

The Registrar of Co-operative Societies, Thiruvananthapuram
The Principal Accountant General (A&E/Audit), Kerala,
Thiruvananthapuram
The Finance Department
The Planning & Economic Affairs Department
Stock File/ Office Copy.

Forwarded/By order

Section Officer

**RULES FOR THE PAYMENT OF FINANCIAL ASSISTANCE BY WAY OF
SHARE CAPITAL CONTRIBUTION, LOAN AND SUBSIDY UNDER
THE REHABILITATION PACKAGE FOR WEAK BUT POTENTIALLY
VIABLE CO OPERATIVES AND FOR THE REVIVAL OF DEFUNCT
PRIMARY CO-OPERATIVE SOCIETIES.**

1. These Rules may be called the Rules for the payment of Financial Assistance by way of Share Capital Contribution, Loan, subsidy etc. to weak but potentially viable co-operatives under a Rehabilitation package.
- 2(a). Financial Assistance for rehabilitation by way of Share Capital Contribution, Loan, Subsidy etc may be given to State Government, the following criteria shall be followed for deciding eligibility of Societies.
 - (i) Societies with cumulative loss not exceeding own fund of the Society.
 - (ii) Societies with minimum 10 years of effective working experience.
- (b) Financial Assistance for rehabilitation by way of share capital contribution, Loan, Subsidy etc. may be given by the State Government to all types of weak but potentially viable Co-operatives in accordance with the programme of rehabilitation prepared by the Society and approved by the High Level Committee/working group constituted by the Government for the purpose. The high level committee/ working group will conduct periodical review of the results of the rehabilitation programme so as to ensure the proper utility of the assistance.
3. The quantum of financial assistance to be sanctioned under these Rules will be fixed by the High Level Committee/working group on the basis of the rehabilitation programme prepared by the Society in the pattern shown below.
 - a. Subsidy – Grant
Not more than 20 percent of the cost of the project approved under the Rehabilitation Programme.
 - b. Share Capital Contribution.
Not more than 20% of the cost of the Project approved under the Rehabilitation Programme.
 - c. Loan
Not more than 25% of the cost of the Project approved under the Rehabilitation Programme.
4. The maximum assistance payable by Government for the rehabilitation of the society under these rules shall not exceed 65% of the project cost.

amount required by the society will have to be mobilised by the Society by raising institutional finance, or through own contribution.

5. In the case of defunct Primary Co-operative Societies of all types, the Government may assistance sanction subject to a maximum amount of Rs. 20 lakhs (Rs. Twenty lakhs) as one time assistance for the revival of such Societies in the form of Subsidy, Share Capital Contribution and loan in the ratio of 1:1:2 based on the approved project report. The assistance will be limited to 90% of the project cost and the remaining 10% will be met by the Society, by raising institution finance or through own contribution.
6. The sanctioned amount will be drawn by the Registrar of Co-operative Societies and deposited on the Treasury Savings Bank Account in the name of the Institution concerned. The Institution shall not withdraw the amount deposited or any part thereof without the prior permission of the Registrar of Co-operatives Societies. The Registrar of Co-operative Societies may give permission to the Institution/Institutions concerned to withdraw the amount after obtaining the agreement and Mortgage Deed executed and after satisfying himself that the institution concerned has fulfilled and can fulfill the condition stipulated in the programme of rehabilitation submitted by the Co-operative Society and as approved by the High Level Committee/ working group.
7. The Assistance under these Rules shall be utilised only for the purpose for which it is sanctioned. The assistance shall be utilised in accordance with the conditions stipulated in the Rehalibitation Programme approved by the High Level Committee/Working Group.
8. All the conditions stipulated in the Rehabilitation Programme shall be fulfilled by the Co-operative Society. The terms and conditions of the rehabilitation Programme approved and those contained in the orders of the Government/Registrar of Co-operative Societies sanctioning the financial assistance shall form part of these Rules.
9. The Co-operative Society receiving assistance under these Rules shall execute an

- Deed in Form B for the Loan amount sanctioned and amended to these Rules before withdrawing the amount deposited in the Treasury Saving Bank Account.
10. The Co-operative Society shall not sell, transfer or otherwise dispose of or create any encumbrance on the movable or immovable assets of the institution without the written consent from Government.
 11. The Share Capital contribution under the scheme shall be refunded in 10 annual instalments, first instalment falling due on the 1st day after the expiry of the 6th (sixth) year from the date of drawal of the amount from the Treasury.
 12. The loan is repayable in 10 (Ten) equal annual instalments along with the interest. There will be a moratorium for 2 years to enable the Society to tide over initial difficulties. The first instalment falling due on the expiry of the third year of the date of drawal of the amount from the treasury.
 13. The loan shall carry interest at the rate fixed by the Government from time to time.
 14. Dividend, if any, accrued on the share allotted to the Government shall be paid to the Government by remittance into the Treasury within one month after the distribution of profits for each year is approved by the General body of the Society.
 15. If the society commits any defaults in repayment of Share Capital Instalment or loan instalment or interest, the entire amount paid to the society shall become recoverable in lump. Penal interest at 2½% per annum shall be levied on the amounts defaulted.
 16. The Share Capital Contribution loan and subsidy and interest accrued on the loan amount shall become recoverable in lump if in the opinion of the Registrar of Co-operative Societies it is utilised for any purpose other than the one for which it is intended or if the revitalisation programme is not implemented within the time limit allowed or if any directions issued by the Government/Registrar are not carried out.
 17. The Registrar of Co-operative Societies in the case of Apex Co-operative Societies and Central Co-operative Societies the Joint Registrar of the District concerned in the case of Primary Co-operative Societies shall be the authority to order any recovery under Rule 15 and 16.

18. The Joint Registrar of the District concerned/the Registrar of Co-operative Societies shall be competent to issue any direction that may be necessary for the proper utilisation of the assistance sanctioned under this scheme as approved by the High Level Committee/Working Group.
19. All amounts ordered to be recovered shall be recoverable from all properties of the Co-operative Society as if they are arrears of land revenue under the provision of the Revenue Recovery Act for the time being in force or in any other manner the Government/Registrar may deem fit.
20. The Co-operative Institution availing assistance under these Rule shall enter in the records of the institution all the transaction pertaining the Government assistance. A separate account should be maintained by the Co-operative Society showing the details of receipt and utilisation of the assistance and repayment.
21. For monitoring the utilisation of the assistance and the revival of the Societies a Monitoring Committee consisting the following members in the district shall be constituted.

Joint Registrar of Co-operative Societies – Chairman
 Joint Director(Audit) - Co - Chairman
 Assistant Registrars(General) in the Taluks- Member 5
 General Manager District Co-op.Bank
 Chairman, Circle, Co-operative Union in the district - memcbrs
 Assistant Registrar(Planning) - Convencor

The Committee should review the utilisation of assistance and the progress of revival once in three months and the evaluation report shall sent to the Registrar of Co-operative Societies by the Joint Registrar with his comments on implementation of the respective of project.

FORM - A
AGREEMENT

This agreement is executed on thisday
of.....between the
.....
a Co-operative Society registered under the Kerala Co-operative Societies Act (21 of
1969) (here in a after referred to as the Society) of the one part and the Governor of
Kerala (here in after referred to as the Government) of the other part.

Where the society has applied to Government for financial assistance by way of
share capital contribution and subsidy under the scheme for Rehabilitation package of
weak but potentially viable co-operatives/revival of defunct Primary Co-operative
Societies and whereas Government have agree to sanction the financial assistance subject
to the terms and conditions contained in the Rules approved by Government this behalf.
Now these presents witness and it is hereby agreed as follows :-

- 1) The amount of...../-(Rupees
.....)
sanctioned to the society as Share Capital Contribution and Rs...../-
(Rupees.....)
sanctioned to the society as subsidy shall be utilised only for implementation of the
Revitalisation scheme approved by the High Level Committee/ Working Group.
- 2) The Society agree to and shall abide by the terms and conditions contained
in the Rules governing the assistance a copy of which is herewith appended and the Rules
shall form part of the agreement.

6.

3) The Society agrees to utilise the share capital contribution and the subsidy within one year from the date of sanction of amount and any amount remaining unutilised after one year shall be refunded to Government.

4) The Society shall return/refund the share capital contribution amount of Rs.....(Rupees.....) in ten equal annual instalments and the first instalment commencing from the 6th anniversary of the date of drawal of the amount from treasury and the subsequent instalments on the corresponding dates of the succeeding years.

5) In the case of default in payment of instalments in accordance with the Rules the Society shall pay penal interest at the rate of 2 1/2 per annum for the defaulted instalments.

6) The society shall furnish to the Joint Registrar of the District concerned a printed share certificate in the name of the Governor of Kerala within one month from the date of encashment of the bill for the amount.

7) The Society shall remit the dividend accruing on the share capital contribution made by the Government and then with the society from time to time after deducting the repayments made by the society.

8) Notwith standing anything contained in the Rules or in the byclaws of the society it shall be open to the Government to withdrawal any time without stating any reason whatsoever, the whole or any portion of the Government share capital contribution and the society shall be liable to refund the amount so withdrawn in a lump at once.

9) 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 entire amount advanced shall become repayable in lump at once by the society.

10) It is hereby declared that the executants of this agreement for an on behalf

11) 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 being in force 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
and
Sri.Secretary/Manager/Managing Director) and Sri.(Board Member) for
and on behalf of the Society, and Sri.for and
on behalf of the Governor of Kerala have here unto set their hands and the seal of the
society has hercunto been affixed the day month and year first above written.

Signed by Sri.(President)
" Sri.(Manager/
Secretary/Managing Director)
" Sri.(Board
Member)

for and on behalf of the society

In the presence of witnesses

- 1) Sri.
- 2) Sri.

Signed by Sri.

for and on behalf of the Government of Kerala

In the presence of Witness.

- 1) Sri.
- 2) Sri.

FORM - B

This deed of mortgage made this the day
of by
the a Co-operative Society Registered
under the Kerala Co-operative Societies Act 1969 (Act 21 of 1969) and having its
registered office at (herein after called "the
Mortgagor") in favour of the Governor of Kerala (here in after called the Government).

Whereas the Mortgagor has applied to the Government for a loan of Rs. /-
(Rupees) under
the Rules for the Grant of assistances under the "Rehabilitation package of weak but
potentially viable Co-operative Societies" and Revival of DEFUNCT Primary Co-operative
Societies (here in after referred to as "the Rules").

Whereas, the Government/Registrar in order No. dated (Here
in after referred to as the said order sanctioned the payment of the loan of
Rs. /- (Rupees) to the
mortgagor subject to the terms and conditions contained in the said order and in the
Rules, copies of which are here to attached and which shall form part of this deed a if
incorporated herein and subject to the terms and conditions herein after appearing.

Now these presents witness as follows :-

1) In consideration of the sum of Rs. /-
(Rupees) sanctioned to
the Mortgagor by the Government the Mortgagor hereby transfer buy way of simple
mortgage to the Government all the properties and other assets described in the scheduled
here under, to the intent that the said properties and other assets shall remain and be
charged by way of security for the due and delict repayment to the Government of the

said Loan amount with interest, penal interest and cost if any, in accordance with the Rules and the said order and for the due fulfilment by the mortgagor of the terms and conditions herein contained and those contained in the Rules and in the said order and that the Government shall have first charge over the same.

2) The Mortgagor doth hereby agree that the Mortgagor shall abide by the terms and conditions contained in the Rules and the said order which shall form part of this deed.

3) The Mortgagor assures the Government that the mortgagor is the absolute owner of the properties hereby mortgaged and that they are free from any encumbrance or charge of any description what so ever and are not subject to any attachment or restraint or alienation.

4) The Mortgagor shall not, during the continuance of this mortgage create any mortgage lien or charge by way of hypothecation pledge or otherwise create encumbrance of any kind what is ever in respect of properties described in the schedule hereto or let or leave or part with possession of the same and they shall remain and continue to remain free from any encumbrance or liability whatsoever.

5) The Mortgagor doth hereby agree that the amount of loan shall not be utilised for any purpose other than that for which it is granted and the amount will be utilised in accordance with the conditions stipulated and approved by High Level Committee/Working Group.

6) The loan shall bear interest at the rate prescribed by Government from time to time.

7) The Mortgage shall maintain a separate Registrar and render correct accounts of the receipts and repayment of the loan and interest and the accounts shall be opened for inspection by such officers authorised in this behalf by the Government/Registrar of Co-operative Societies.

8) The Principal amount of loan shall be repaid by the Mortgage in ten annual instalments of Rs. /- (Rupees.....) each the first instalment shall become due on the date of expiry of three years from the date of drawal of the loan amount from the treasury and there after the subsequently instalments shall

become due on the corresponding dates of the succeeding years until the loan is fully repaid. The interest shall be paid annually the first instalment being payable on the date preceeding the date of the third anniversary of payment of the loan and the subsequent years interest on the corresponding dates of succeeding years.

9) If any instalment of principal or interest is not paid on the due date a penal interest at the rate of $2 \frac{1}{2} \%$ in addition to the usual rate shall be paid on the amounts which have become overdue.

10) In case the mortgagor fails to comply with all or any of the terms and conditions on which the said loan 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 loan or any part thereof or any interest therein 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 said order than and in any such case the Government shall be competent to recover the entire sum thereon outstanding in lump at once and the Government shall have power to proceed against the properties herein mortgaged and charged and the Government shall have all the powers vested in or mortgage under section 69 and 69 A of transfer of property Act (Act 14 of 1882).

11) The Mortgagor doth 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 virtue of those presents shall be recoverable from the mortgagor and its properties movable and immovable 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.

