

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, 22.08.2011

- 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

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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. The remaining

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 institutional 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-operative 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 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 Rehabilitation 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 agreement in Form A for the share capital contribution sanctioned and a Mortgage


DEED IN FURTHER OF THE LOAN AMOUNT SANCTIONED AS MENTIONED TO THESE PARTIES WITHOUT 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 moveable 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 Rules 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 Tahsils- Member 5
General Manager District Co-op. Bank
Chairman, Circle, Co-operative Union in the district - members
Assistant Registrar(Planning) - Convener

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.


Section 01