

GOVERNMENT OF KERALA

Abstract

Co-operative Societies - The scheme for providing guarantee for the deposits mobilised by the Primary Agricultural Credit Societies modified - Orders issued.

CO-OPERATION (B) DEPARTMENT

G.O. (MS) No. 71 / 95 / Coop

Dated, Thiruvananthapuram, 31-3-1995

- Read:-1. G.O. (MS) 59 / 92 / Coop dated 7-7-92
2. G.O. (MS) 92 / 92 / Coop dated 4-11-92

ORDER

Government as per the G.O. read as first paper above introduced a Deposit Guarantee Scheme for the Primary Agricultural Credit Societies in the State. A detailed scheme for the purpose has been approved by Government as per the G.O. read as second paper above. The Registrar of Co-operative Societies has since put forth certain suggestions regarding modifications to be effected to the said scheme. Government have examined the matter in detail and are pleased to revise the scheme accordingly. The revised scheme duly approved by Government is appended to this order.

By Order of the Governor,

S.SANTHAKUMARI
Addl. Secretary to Govt.

REVISED SCHEME FOR PROVIDING GUARANTEE FOR THE DEPOSITS MOBILISED BY THE PRIMARY AGRICULTURAL CREDIT SOCIETIES

Clause 1. This scheme may be called "the scheme for providing guarantee by District Co-operative Banks for the deposits held by the affiliated Primary Agricultural Credit Societies".

Clause 2. This scheme shall be applicable to all Primary Agricultural Credit Societies except those which are defunct / dormant and societies having deposit erosion and societies which are under liquidation including societies which liquidation proceedings have been initiated. The Societies which are eligible to be included in the scheme shall be notified to the District Co-operative Bank by the Joint Registrar in District. For arriving the deposit erosion, in the case of societies where the audit is not upto date, the tentative balance sheet prepared by the society and verified by Inspector shall be taken into account. Maintenance of fluid resources as provided in the Kerala Co-operative Societies Rules shall be one of the conditions for the Primary Agricultural Credit Societies for becoming eligible to be included in the scheme.

Clause 3. The District Co-operative Banks shall constitute a fund for the Primary Agricultural Credit Societies called " Deposit Guarantee Fund".

Clause 4. The corpus of the Deposit guarantee fund shall be built up by contributions by the Primary Agricultural Credit Societies, District Co-operative Bank and the Kerala State Co-operative Bank, at the rates specified here under:-

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| i) Primary Agricultural Credit Societies. | 12 paise for every deposit of 100 rupees or parts thereof |
| ii) District Co-operative Bank | 6 paise for every deposit of 100 rupees or part thereof |
| iii) State Co-operative Bank | 2 paise for every deposit of 100 rupees or parts thereof |

Clause 5. The District Co-operative Bank shall provide in their byelaws provision for giving guarantee to their constituent societies in respect of the deposits held by the latter in due course.

Clause 6. The Primary Agricultural Credit Societies and District Co-operative Banks shall ensure that infrastructural facilities such as Banking Counter, safe and such-other -facilities are provided in the Primary Agricultural Credit Societies covered by the scheme.

Clause 7. The guarantee fund contribution is to be remitted on the outstanding deposit amounts of Primary Agricultural Credit Societies at the beginning of the scheme and thereafter at the end of each accounting year on the net incremental amount of deposits. The position of deposits on the last working day of the accounting year shall be taken into account for the purpose of contribution.

Clause 8 The initial guarantee fund contribution payable by the Primary Agricultural Credit Societies shall be remitted by either in lump or in three annual instalments on entitlement of the society at the commencement of the scheme depending upon the financial position of that society. The contribution to be remitted at the end of each accounting year on the basis of the net increase in deposit shall be remitted in lump. The contribution of District Co-operative Banks and Kerala State Co-operative Banks shall be made either in lump or in two or three instalments according to the quantum of contribution made by the Primary Agricultural Credit Societies to the corpus fund of each District Co-operative Bank.

Clause 9 The lending policy and procedure with regard to the mobilisation, accounting and fund of the deposit of the Primary Agricultural Credit Societies shall be in accordance with the directions issued by Registrar of Co-operative Societies from time to time in consultation with the concerned District Co-operative Bank.

Clause 10 The Primary Agricultural Credit Societies shall deposit the guarantee fund contribution within one month of the date of closing of its accounts calculated at the prescribed rate on the balance amount of deposit held on the last day of the accounting year in the manner specified under Rule 4. If the annual contribution due is not paid within 6 months of the date of closing of the accounts as mentioned above the deposits of such society shall be excluded from the guarantee cover during the period of delay. The guarantee may be revoked if the annual guarantee contribution is remitted with interest at 15% per annum together with a penal interest at the rate of 3% for the period of delay.

Clause 11 The Government may at their option make contributions to the corpus which may be kept at the level of District Co-operative Banks.

Clause 12 The corpus of the fund shall be kept with the District Co-operative Bank as a Special deposit earning interest at the highest rate payable by it on fixed deposits. The interest earned on the corpus shall be reinvested in the corpus half yearly.

Clause 13 The fund shall not be utilised for any other purpose except for the settlement of claims in respect of the deposits guaranteed.

Clause 14 All clauses of deposits of any durations of Primary Agricultural Credit Societies except chitty Deposits and Staff Security deposits shall be covered by the scheme at the same right.

Clause 15 The amount guaranteed per depositor shall not exceed Rs. 30,000/- (Rupees Thirty Thousand only).

Clause 16 The corpus of the fund shall be administered by a State level committee consisting of the following members namely:-

- (1) Secretary to Government, Co-operation Department (Chairman)
- (2) The President, Kerala State Co-operative Bank (Vice Chairman)
- (3) The Managing Director, Kerala State Co-operative Bank (Convenor)
- (4) The Registrar of Co-operative Societies (Member)
- (5) Presidents of 3 D.C.Bs from three regions of the State nominated by Government (Member)
- (6) Presidents of 4 Primary Agricultural Credit Societies representing different classes nominated by Government (Member)

Clause 17 The corpus of the fund at District level shall be administered by a District level committee consisting the following members namely:-

- (1) President of District Co-operative Bank (Chairman)
 - (2) Joint Registrar of Co-operative Societies. (Member)
 - (3) Representative of Kerala State Co-operative Bank (Member)
 - (4) President of Primary Agricultural Credit Societies which have made maximum contribution to this fund (Members).
 - (5) Central Manager, District Co-operative Bank (Convenor)
- The committee shall enquire and consider the claim.

Clause 18 The primary Agricultural Credit Societies included in the scheme shall be registered with the concerned District Co-operative Bank at the time of admission to the scheme based on the notification of the Joint Registrar.

Clause 19 The corpus of the fund in the District Co-operative Bank shall be operated by the General Manager of the District Co-operative Bank.

Clause 20 If any society covered by the scheme is unable to make payments due to embossment, theft, fire or such other similar causes, the depositor shall be free to approach the District Co-operative Bank and the District Co-operative Bank shall honour the claim within a fortnight after satisfying itself of the amount payable and genuineness of the claim.

Clause 21 It shall be the responsibility of the District Co-operative Bank to scrutinise and verify the claim with regard to its accuracy and satisfy itself of the amount payable in each cases.

Clause 22 The claim received by the District Co-operative Bank from the depositors shall be furnished to the District level committee along with the details of the verification made and with the specific recommendation of the General Manager of the District Co-operative Bank for sanctification

Clause 23 The payment towards the claims shall be made out of the fund in the first instance. If the amount required to be paid exceeds the amount available in the fund, the District Co-operative bank concerned shall make advance to the fund from its own funds. The advance, if any, so made from the fund as and when it is having sufficient credit.

Clause 24 The district Co-operative bank shall be entitled to take action against the Primary Agricultural Credit Society for the recovery of the amount paid to any depositor invoking the guarantee; in excess of the contribution made to the fund by the concerned society together with interest thereon at such rate as allowed on the fund by the District Co-operative Bank.

Clause 25 The maximum limit of guarantee obligations of the District Co-operative Bank shall not exceed 25% of its own funds. Wherever the amounts to be guaranteed exceeds this limit, the position shall be brought to the notice of the BOARD for according suitable relaxation.

Clause 26 The District Co-operative Banks and Primary Agricultural Credit Societies under the scheme shall maintain such records and furnish return as prescribed by the Registrar of Co-operative Societies from time to time.

Clause 27 Any alteration, modifications additions and deletions in this scheme shall be made by the Government with the prior consultation of the State Level Committee.

