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GOVERNMENT OF KERALA

Abstract

Co-operation Department - Rules for providing financial assistance by the way of Subsidy, Share and Loan to the NCDC assisted Co-operative Societies for Agro processing activities- - Approved- Orders issued.

Co-operation (B) Department**G.O (Rt) No: 804/2010/Co-op****Dated, Thiruvananthapuram, 27.12.2010**

Read :- 1. Letter No M(5)39347/10 dated 12.10.2010 and 08.12.2010 from the Registrar of Co-operative Societies, Thiruvananthapuram
2. Decision of the Working Group meeting held on 09.12.2010.

ORDER

As per the letters read above the Registrar of Co-operative Societies has forwarded the draft rules/guidelines for providing financial assistance by way of Subsidy, Share and Loan to the NCDC assisted Co-operative Societies for Agro processing activities. The Working Group meeting held on 09.12.2010 has resolved to approve the rules/guidelines.

Government have examined the matter in detail, and are pleased to approve the rules/guidelines for providing financial assistance by the way of Subsidy, Share and Loan to the NCDC assisted Co-operative Societies for Agro processing activities .

The approved rules are appended with the order.

(By order of the Governor)


S.VIJAYAKUMAR

Additional Secretary to Government

To

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

Forwarded/By Order


Section Officer

**RULES FOR PROVIDING FINANCIAL ASSISTANCE (LOAN, SHARE
CAPITAL & SUBSIDY) TO THE NCDC ASSISTED CO-OPERATIVE
SOCIETIES FOR AGROPROCESSING ACTIVITIES**

1. These rules are called the Rules for the payment of the financial assistance (Loan, share and subsidy) to NCDC assisted co-operatives for agro processing activities)

2. **ELIGIBILITY**

All types of co-operative societies coming under the administrative control of Registrar of co-operative Societies having minimum of 100 members which shall have scope and infrastructure and bye law provision for conducting agro processing activities and possess own land will be eligible for financial assistance from Government for starting new agro processing units or for revitalization of existing processing units.

3. **PATTERN OF FUNDING**

- (i) 50% of the block cost of the project will be provided as loan from NCDC.
- (ii) 40% of the block cost of the project cost will be provided by the Government in which 30% will be share capital and 10% will be subsidy.
- (iii) The balance 10% shall be contributed by the society from its own fund

4. **APPLICATION PROCEDURE**

The application for the assistance shall be forwarded to the Registrar of Co-operative Societies through the concerned Joint Registrar in Form 'A' supported by the following documents:

- (a) A Scheme/Project report for availing the financial assistance
- (b) Resolution of Board of Directors requesting for the financial assistance
- (c) Resolution of the Board of Directors agreeing to abide the rules and authorizing the persons to receive the amount and to execute the agreement and mortgage deed
- (d) Certificate from Joint Registrar stating that the Society has no dues to Government in any form and Non-corruption certificate from the concerned Joint Registrar.
- (e) Copy of the latest audited balance sheet and tentative financial statements as on the date of application.

The Joint Registrar will forward the proposal to Registrar of Co-operative Societies with recommendation and the Registrar of Co-operative Societies shall recommend the proposal to Government.

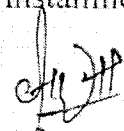
5. **TERMS & CONDITIONS**

(a) **Loan**

- (i) Loan shall be released in two installments after getting administrative sanction from the Government.
- (ii) The first installment of the loan not exceeding 50% of the loan sanctioned may be released subject to the condition that the society possesses a site and has deposited at least 50% of the society's contribution of the block cost for the project in Bank account.
- (iii) The second instalment shall be released after satisfying the progress of the implementation of the project and after producing the utilization certificate of the 1st installment.
- (iv) The loan shall bear interest at the rate fixed by the Government/NCDC time to time on the basis of the rate at which Government bound to pay to NCDC.
- (v) Unless and otherwise specified in the order of sanctioning the loan, the period of the repayment of principal of the loan shall be 10 years. The repayment shall be made in 10 equal installments commencing from the 2nd anniversary of the date of release of the first installment. The interest shall be remitted along with the principal amount.
- (vi) The Society shall maintain separate accounts showing the details of the receipt, payment and utilization of the loan.

(b) **Share & subsidy**


- (i) The share capital contribution and subsidy shall be released in two equal instalments along with the loan installment.
- (ii) The share capital ratio between the members and Government shall maintain as 1: 20. The Society assisted under the scheme shall refund the members share only after getting the prior permission of the Joint Registrar.
- (iii) The minimum paid up share capital shall be 1, 00,000/- and the number of the members shall be at least 100.
- (iv) The Share capital contribution under the scheme shall be repaid in ten equal annual installments, the first installment



falling due on the 3rd anniversary of the date of the withdrawal of the first instalment.

- (v) The society shall remit into Government Treasury within one month from the date of declaration of dividend by the General Body of the society, the dividend, on the shares held by Government in the Society, from time to time.
 - (c) The society seeking the assistance should furnish viable project report on the proposed project or activity to be implemented to the satisfaction of the Registrar of Co-operative Societies.
 - (d) The Society should have positive net worth.
 - (e) The society shall complete the unit and claim the second instalment of the financial assistance within one year from the date of the withdrawal of the 1st installment of the assistance. The Government/Registrar may on valid grounds extend time limit fixed above to such period as may found necessary.
 - (f) If the society does not comply with any of the provision of the Rules, or if the funds are kept unutilized within the time limit or utilized for any other purpose than those for which it is intended the whole contribution will become recoverable in lump and the Registrar of Co-operative Societies will be competent to order recovery of the assistance under the provisions of R.R.Act for the time being in force as if there are arrears of land revenues.
 - (g) In the event of any default in repayment of annual instalment the society is liable to pay penal interest at the rate of 2.5% on the defaulted installments
 - (h) The Society shall not undertake any new project or expansions of the present project without prior approval of the state government and NCDC
 - (i) The RCS shall be competent to issue any directions that he may consider necessary for the proper utilization of the assistance and such orders shall be carried out without delay.
6. The Society shall execute a mortgage deed in Form "C" appended, in favour of Governor of Kerala, as security of the loan sanctioned before it claims release of the 1st installment of the loan.
7. The Societies receiving the assistance by way of share and subsidy under these rules shall execute an Agreement in Form B .

8. The assistance sanctioned by NCDC/Government shall be drawn and disbursed by the Registrar of Co-operatives Societies after obtaining agreement in form B and mortgage deed in Form C, share certificate, Receipt and after satisfying that the institution concerned has fulfilled all the conditions.
9. The Society shall not withdraw the assistance without the prior permission of the Registrar of Co-operative Societies.
10. The Society shall not sell, transfer or otherwise dispose off or create any encumbrances on the movable or immovable assets purchased from the financial assistance availed under the scheme without the consent of government.
11. The President, Board of Directors and Managing Director/Secretary of the Society shall be jointly and severally liable for the proper utilization of the assistance.
12. The agreement, Mortgage deed shall be kept under the safe custody of the Registrar of Co-operative Societies or any other officer authorised for this purpose.
13. The Joint Registrar (General) concerned will maintain DCB register under the scheme and shall watch the utilization of assistance, retirement of share capital contribution, repayment of loan and interest thereon and furnish the utilization certificate to the Accountant General in due course through the Registrar of Co-operative Societies
14. Government shall be the authority to amend or relax any of the provisions contained in these rules.


Section officer.

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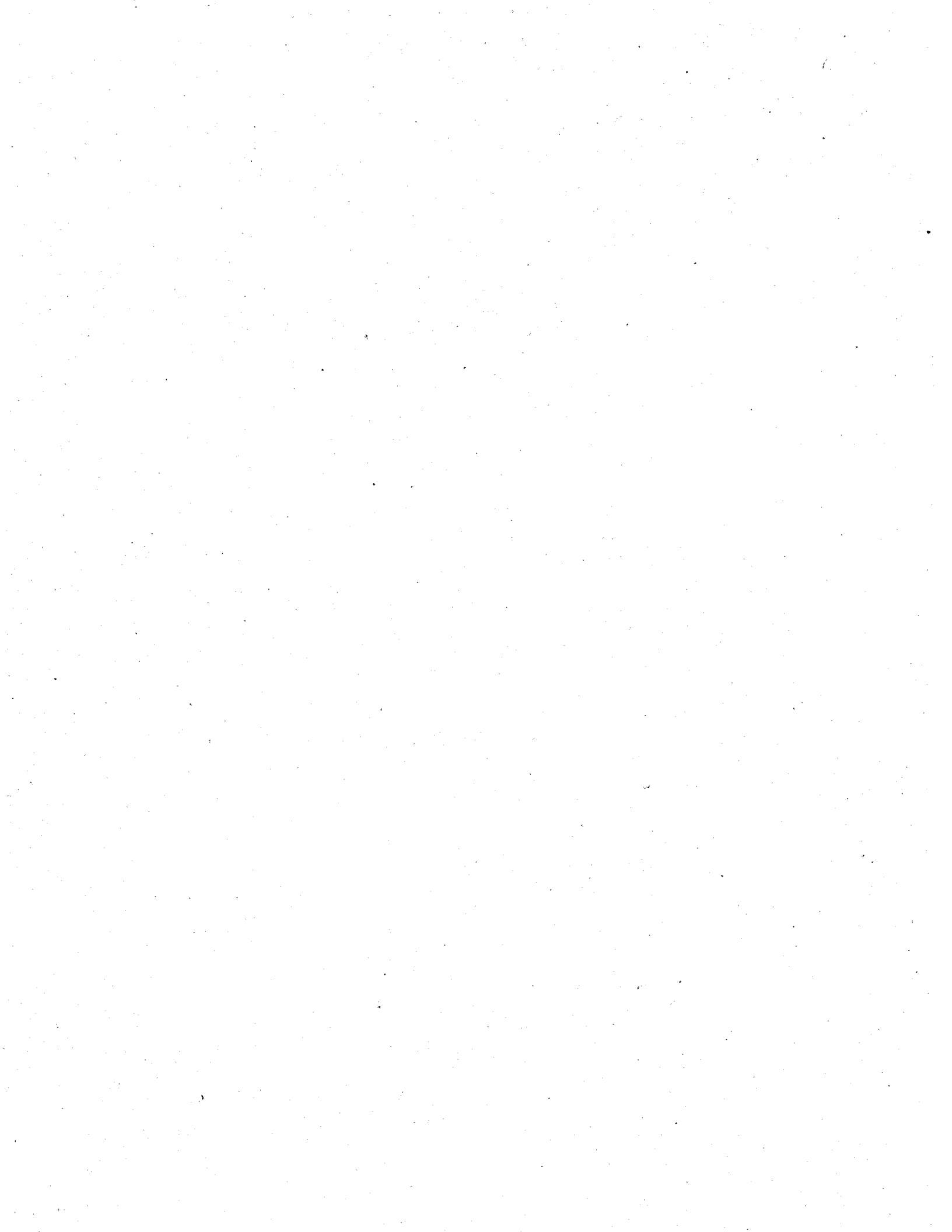
falling due on the 3rd anniversary of the date of the withdrawal of the first instalment.

- (v) The society shall remit into Government Treasury within one month from the date of declaration of dividend by the General Body of the society, the dividend, on the shares held by Government in the Society, from time to time.
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 - (e) The society shall complete the unit and claim the second instalment of the financial assistance within one year from the date of the withdrawal of the 1st installment of the assistance. The Government/Registrar may on valid grounds extend time limit fixed above to such period as may found necessary.
 - (f) If the society does not comply with any of the provision of the Rules, or if the funds are kept unutilized within the time limit or utilized for any other purpose than those for which it is intended the whole contribution will become recoverable in lump and the Registrar of Co-operative Societies will be competent to order recovery of the assistance under the provisions of R.R.Act for the time being in force as if there are arrears of land revenues.
 - (g) In the event of any default in repayment of annual instalment the society is liable to pay penal interest at the rate of 2.5% on the defaulted installments
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7. The Societies receiving the assistance by way of share and subsidy under these rules shall execute an Agreement in Form B .



8. The assistance sanctioned by NCDC/Government shall be drawn and disbursed by the Registrar of Co-operatives Societies after obtaining agreement in form B and mortgage deed in Form C , share certificate , Receipt and after satisfying that the institution concerned has fulfilled all the conditions.
9. The Society shall not withdraw the assistance without the prior permission of the Registrar of Co-operative Societies.
10. The Society shall not sell, transfer or otherwise dispose off or create any encumbrances on the movable or immovable assets purchased from the financial assistance availed under the scheme without the consent of government.
11. The President, Board of Directors and Managing Director/Secretary of the Society shall be jointly and severally liable for the proper utilization of the assistance.
12. The agreement, Mortgage deed shall be kept under the safe custody of the Registrar of Co-operative Societies or any other officer authorised for this purpose.
13. The Joint Registrar (General) concerned will maintain DCB register under the scheme and shall watch the utilization of assistance, retirement of share capital contribution, repayment of loan and interest thereon and furnish the utilization certificate to the Accountant General in due course through the Registrar of Co-operative Societies
14. Government shall be the authority to amend or relax any of the provisions contained in these rules.


Section officer .



FORM A

Application for financial assistance to Co-operatives for purchase of equipments, machines and tools for processing activities. (Share & Subsidy)

1	Name and Address of the Society			
	a	Register Number		
	b	Telephone, E-mail address		
2	a	Date of Registration		
	b	Date of commencement of business		
3	Type of Society			
4	Board of Management			
	a	Elected /Nominated		
	b	Date of election and term		
	c	Number of Directors		
	d	Date of last Annual General Body Meeting held		
5	Membership			
	a	Male		
	b	Female		



6		Authorized share capital		
7		Paid up share capital		
				General
				Government
				Others
8	Business Operation			Total
	a	Existing (A brief Note)		
	b	Proposed business (Accompanied by a detailed project report		
	c	Project Cost		
	d	Source of funds		
9	Financial Status			
	a	Audit Classification		
	b	Year of Audit		
	c	Profit or loss		
	d	Accumulated loss if any		
	e	Undistributed Profit		
	f	Business turn over as per audit		



10	NCDC assistance under this project a. Loan b. share		
9	Amount applied(in words and figures) a. Loan b. Share c. Subsidy Total		

President

MD/Secretary/Chief Executive

- c. Board Member
- d. Board Member

Seal

Certified that I have examined the details furnished by the society and found correct and the Co-operative Society Ltd. No. is eligible for assistance of Rs..... (in words)..... under the scheme.

Sd/-
Assistant Registrar (General)

Counter Signed

Joint Registrar (General)



FORM B

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) (herein after referred to as the Society) of the one Part and the Governor of Kerala (herein after referred to as the Government) of the other part.

Where as the society has applied for the payment of a sum of Rs. (Rupeesonly) by way of the share capital and Rs. (Rupeesonly) by way of subsidy to the society under the Rules Governing Government contribution towards the share capital and subsidy for processing activities of all type of co-operative societies conducting processing activities(herein after referred to as "The Rules").

And whereas at the request of the society the Registrar of co-operative societies for and on behalf of the Government has sanctioned the payment of a sum of Rs. (Rupeesonly) as share capital and Rs. (Rupeesonly) as subsidy to the society as per his order no.dated(herein after referred to as "the said order" a copy of which is attached hereto) which shall form part of this agreement as incorporated herein subject to the terms and conditions contained in the said order in the rules and these herein after appearing of which the society has also agreed.

Now these presents witness and it is hereby agreed as follows:

1. The society shall utilize the share capital contribution amount of Rs. (Rupeesonly) and subsidy amount of Rs. (RupeesOnly) for the purpose of (H.E purpose) and it shall not be utilized for any other purpose.
2. The society shall return the share capital contribution amount of Rs.(Rupeesonly) the first installment falling due on the sixth anniversary of the date of drawal of the amount and the subsequent installments on the corresponding dated of the succeeding years.
3. In the case of the default in payment of the installment of the grant amount in accordance with clause above, the society shall pay penal interest at the rate of 2.5% per annum for the defaulted installments.
4. The Society shall furnish to the Joint Registrar of Co-operative Societies, printed share certificates in favour of the Government with in one month from the date of encashment of the amount.
5. Notwithstanding anything contained in the rules or in the byelaws of the Society, it shall be open to the Government to withdraw at anytime without stating any reason whatsoever the hole or any portion of the Government Contribution and the society shall be liable to refund the amount so withdrawn in a lump at once.



6. (a) The society shall remit the dividend accruing on the share capital contribution into Government Treasury within one month from the date of declaration of the dividend by the General Body of the society.
 (b) The dividend shall be repayable 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.
7. The society shall strictly abide the terms and conditions contained in the Rules and in the said order and those herein contained.
8. In the 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.
9. It is hereby declared that the executants of this agreement for and on behalf of the society have the power and authority to do be virtue..... (H.E authority)
10. The society agrees to utilize the financial assistance within two years from the date of sanction of amount and by amount remaining unutilized after two years shall be refunded to Government.
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 revenues 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./ Smt./(Registrar of Co-operative Societies) for and on behalf of the Governor of Kerala have here unto set their hands and the seal of the Society has hereunto been affixed the day, month and year first above written.

Signed by Sri..... (President)
 Signed by Sri.....(Manager/Secretary/Managing Director)
 Signed by Sri..... (Board Member) for and on behalf of the Society
 In the presence of witnesses.

- 1) Sri.....
- 2) Sri.....

Signed by Sri. / Smt.Registrar of Co-operative Societies.

For and on behalf of the Government of Kerala
 In the present of Witness

- 1) Sri.....
- 2) Sri.....



FORM 'C'

Form of the Mortgage Deed to be executed by the Society under the rules (This has to be filled before issue)

This Deed of Mortgage executed on this theday of Two thousand and by the Society, a society registered under the Kerala Cooperative Societies Act, 1969, (2 of 1939) Act and have its registered office at (herein after called "the mortgager") in favour of the Governor of Kerala (herein after called "the Government").

Whereas the Mortgager has applied for a loan of Rs..... (Rupees) for the establishment of a (purpose) under the rules for (hereinafter called the Rules which shall form part of this deed as if incorporated herein).

Whereas the Government have in their Order No. dated(hereinafter referred to as the "order") sanctioned the payment of a loan of Rs.(Rupeesonly) to the Mortgager for the establishment ofsubject to the terms and conditions contained in the order which shall also for part of this deed, as if incorporated herein, and subject to the terms and conditions (hereinafter appearing and these contained in the said Rules)

Now these presents witness as follows:

1. In consideration of the loan Rs.(Rupees only) paid by the Government to the Mortgagor (the receipt of which the Mortgagor doth hereby admit and acknowledge), the Mortgagor doth hereby hypothecate and charge by way of simple mortgage to the Government all that properties more particularly mentioned and described in the schedule here under written (hereinafter referred to as the schedule property) to the intent that the said schedule properties shall remain and form security for the due repayment of the principal money with interest, penal interest, and cost if any, to the Government and for the fulfillment by the Mortgagor of the terms and conditions herein contained, those contained in the order and there rules and the Government shall have first charge over the same.

2. The Mortgagor doth hereby agrees that the mortgagor shall abide by the terms and conditions set forth in the order, in the said rules and those hereinafter appearing.

3. The mortgagor assures the Government that the Mortgagor is the absolute owner of the schedule properties and that they are free from all encumbrances or charges of any description whatsoever any attachment or restraint on alienation.

4. The Mortgagor shall not during the continuance of this security create any mortgage, lien or charge by way of hypothecation, pledge or create any mortgage, lien or charge by way of hypothecation, pledge or otherwise create encumbrance of any kind whatsoever in respect of the schedule properties or let or lease or otherwise part with possession of them and the same shall remain and continue to remain free from any encumbrances or liability whatsoever.



5. The mortgagor doth hereby agree that the amount of the loan shall not be utilized for any purpose other than that for which it is granted.

6. The mortgagor shall complete the project for which the loan is granted within one year from the date of release of the first instalment or within such period as may be fixed by the Government as the case may be.

7. The Mortgagor shall at all times during the continuance of this mortgage maintain separate accounts showing the details or receipt and utilization of the loan and repayment of the principal with interest due thereon. The mortgagor shall submit reports and returns to the Registrar of Co-operative Societies, Government and NCDC as may be prescribed from time to time. The accounts and registers maintained in this behalf and office copies of the reports and returns submitted to the Registrar of Co-operative Societies, Government and NCDC shall be made available for inspection by such officers authorised in this behalf by government and RCS.

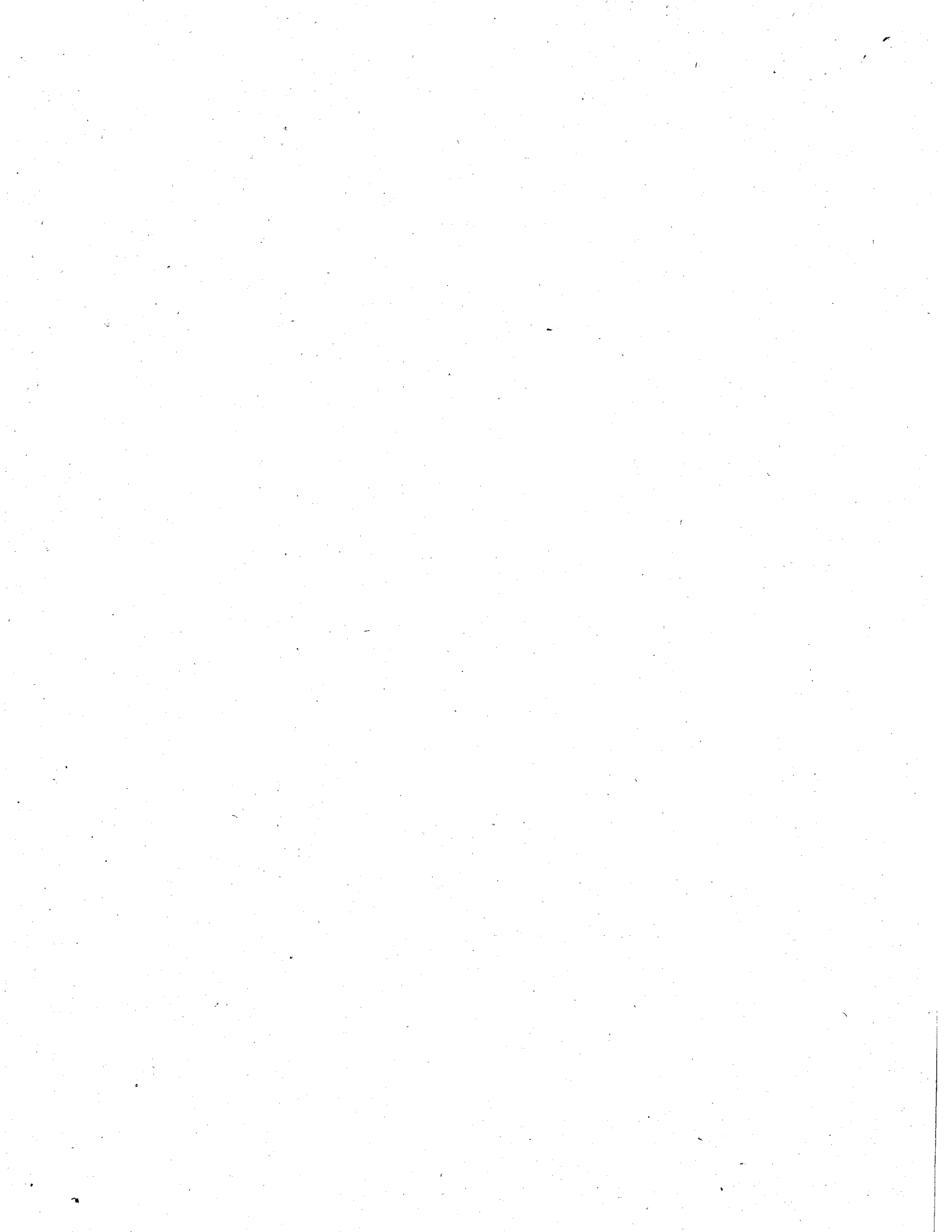
8. The loan shall be repaid by the mortgagor in 10 equal annual instalments, the first of which shall become due on the 2nd anniversary of the date of drawal of the loan amount or from the date of consolidation as the case may be and thereafter the subsequent instalments shall become due on the corresponding dates of the succeeding years until the loan is fully and completely repaid.

9. the loan shall bear simple interest at the rate fixed by the Government/NCDC from the date of release of the respective instalment and the interest for each year shall be paid by the mortgagor annually but in the case of consolidation of loans the interest for the first year shall become due on the first anniversary of the date of consolidation and a subsequent interest on the first day of February of succeeding years.

10. If any instalment of principal together with interest is not paid on the due date a penal interest @2.5% per annum shall be charged on the overdue amounts in addition to the normal interest.

11. In the case the Mortgagor fails to comply with any of the terms and conditions on which the said loans has been granted either by applying the loan amount or any part thereof otherwise than as provided in the said order the rules and those herein contained or fails to repay the amount of the said loans or any part thereof any interest thereon or any part thereof or commits breach of all or any of the terms and conditions herein contained on in the order, and those in the rules , the Government shall be competent to recover the entire loans then outstanding together with interest , penal interest and the cost, if any, incurred in the lump at once and the Government shall have power to proceed against the schedule, properties, hereby mortgaged and charged and the Government shall have all the powers vested in the mortgage under section 69 and 69 A of the transfer of property act 1882 (Central Act 14 of 1882) .

12. If the mortgagor shall duly comply with all the terms and conditions of these presents and repay the amount in full with interest, the Government shall thereupon



at the request and cost of the mortgagor release the mortgaged schedule properties to the mortgagor..

13. All sums found due to the Government under or by virtue of these presents shall be recoverable the Mortgagor and the schedule properties as if they were arrears of Public revenue due on land under the provision of the revenue recovery act for the time being in force or in any other manner as the government may deem fit

The executants here of, on the behalf of the Mortgager namely.....
.....hereby declare that they have full powers and authority to Execute these presence on behalf of the Mortgagor by virtue of power vested in them under
.....

In witness whereof Shri..... and Shri.....
.....behalf of the Mortgager have hereunto set there hands the day and the year first above written

SCHEDULE ABOVE REFERRED TO
(here enter details of property)

Signed by Shri.....
and

Shri.....

In the Presence of Witness

- 1.
- 2.

