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KERALA GAZETTE

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GOVERNMENT OF KERALA

Co-operation (A) Department

NOTIFICATION

G. O. (P) No. 03/2012/Co-op. Dated, Thiruvananthapuram, 11th January, 2012.

S. R. O. No. 28/2012.—In exercise of the powers conferred by section 57B of the Kerala Co-operative Societies Act, 1969 (21 of 1969) and in supersession of the Deposit Guarantee Scheme, 2000 issued under G. O. (P) No. 162/2000/Co-op. dated 29th December, 2000 and published as S.R.O. No. 1/2001 in the Kerala Gazette Extraordinary No. 14 dated 2nd January, 2001, the Government of Kerala hereby make the following Scheme, namely:—

1. *Short title and commencement.*—(1) This scheme may be called the Kerala Co-operative Deposit Guarantee Scheme, 2012.

(2) It shall come into force at once.

2. *Definitions.*—(1) In this Scheme, unless the context otherwise requires,—

- (a) “Act” means the Kerala Co-operative Societies Act, 1969 (21 of 1969);
- (b) “Board” means the Kerala Co-operative Deposit Guarantee Fund Board constituted under sub-paragraph (1) of paragraph 6;
- (c) “Contribution” means the sum of money payable to the fund by the credit societies at the rate specified in sub-paragraph (2) of paragraph 5;
- (d) “Credit Society” means a Primary Agricultural Credit Co-operative Society, a Rural Development Bank, Farmers Service Co-operative Bank, a Non-agricultural Credit Society, an Urban Co-operative Society or an Employees Credit co-operative society which is not defunct or dormant or under liquidation;
- (e) “Fund” means the Deposit Guarantee Fund constituted under sub-paragraph (1) of paragraph 5;
- (f) “Government” means the Government of Kerala;
- (g) “Secretary-Treasurer” means the Secretary-Treasurer of the Board.

(2) The words and expressions used but not defined in this scheme and defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. *Purpose of the Scheme.*—The purpose of this scheme is to provide guarantee for the deposits made in Credit Societies and for creating confidence among the depositors and for attracting more deposits.

4. *Applicability.*—(1) This Scheme shall apply to all Credit Societies except those which are defunct or dormant or which are under liquidation.

(2) The Credit Societies shall have to maintain fluid resources as provided in rule 63 of the Kerala Co-operative Societies Rules, 1969.

(3) The Credit Societies shall have proper facilities for the safety of valuables and records.

(4) The Credit Societies shall be notified to the Board constituted for the administration of the Deposit Guarantee Fund by the Registrar of Co-operative Societies, on the recommendation of Joint Registrar (General) of the District concerned.

5. *Constitution of the Deposit Guarantee Fund.*—(1) The Board as soon as may be after the coming in to force of this Scheme, shall constitute a fund for the Credit Societies by name “the Deposit Guarantee Fund”.

(2) The corpus of the fund shall be built up by contributions from the societies specified to in paragraph 4 of this Scheme at the rate of ten paise per every deposit of hundred rupees or parts thereof outstanding at the end of each financial year.

(3) The balance of funds, if any, available with the District Co-operative Banks under the scheme approved as per G. O. (P) No. 162/2000/Co-op. dated 29th December, 2000 shall be transferred to the corpus of the fund by the General Manager of the Bank on request of the Board.

(4) The initial contribution to the fund payable by the Credit Societies shall be remitted either in lump or in two annual instalments.

(5) The initial contribution to the Fund is to be made on the outstanding amount of deposits of Credit Societies at the beginning of the financial year in which the scheme comes into force. Subsequent contribution is to be made on the basis of the deposits' outstanding at the end of each financial year. The contribution shall be remitted in the account of the Board in the manner as may be provided by regulations framed by the Board.

(6) The Credit Societies shall remit the contribution to the fund within three months after the completion of a financial year, calculated at the prescribed rate specified under paragraph 5(2), failing which the Chief Executives of the Credit Society shall be made liable to pay an interest for the defaulted contributions at the rate of 12 per cent per annum till the payment made and the amount so paid will form the part of fund. If the annual contribution due is not paid within three months as mentioned above, the deposits of such society shall be excluded from the guarantee cover for the period of such delay.

(7) No portion of the contribution remitted shall be refunded to any credit society for any reason.

(8) The Government may, at their option, make contribution to the corpus of the fund, maximum to an extent of the total amount contributed by the member societies.

(9) All moneys belonging to the Fund shall be deposited in the accounts opened in the name of the Secretary-Treasurer of the Board, in the branches of the Kerala State Co-operative Bank or District Co-operative Banks concerned or in the Government Treasury.

6. *Constitution of the Board.*—(1) The Government may, by notification in the Gazette, constitute a Board to be called “Kerala Co-operative Deposit Guarantee Fund Board” for the administration of the Fund.

(2) The Board shall consist of the following members, namely:—

(i) The Minister in-charge of Co-operation, who shall be the Chairman of the Board;

(ii) The President, Kerala State Co-operative Bank;

(iii) The President of any one of the District Co-operative Banks to be nominated by Government;

(iv) The Chairman, State Co-operative Union;

(v) Three representatives of the Committee of Primary agricultural Co-operative Societies to be nominated by Government;

(vi) One representative of the committee of Non-agricultural Credit Societies/Urban Co-operative Societies;

(vii) One representative of the committee of Employees Credit Co-operative Societies to be nominated by Government;

(viii) One eminent Co-operator to be nominated by Government;

(ix) The Additional Chief Secretary to Government/Secretary to Government Co-operation Department;

(x) The Registrar of Co-operative Societies;

(xi) The Director of Co-operative Audit;

(xii) The Additional Registrar of Co-operative Societies (Credit);

(xiii) The Secretary-Treasurer of the Board.

(3) One of the members from among the representatives of Primary Agricultural Co-operative Societies or the eminent Co-operator nominated by the Government shall be nominated or appointed by the Government as Vice-Chairman of the Board.

(4) The term of the Board shall be for a period of five years. The Government may reconstitute the Board on the expiry of the term of five years.

(5) The Board shall be a body corporate by the said name having perpetual succession and a common seal.

(6) The Board shall be responsible for the proper administration of the fund.

(7) Not less than eight members of the Board shall form the quorum. Each member present shall have one vote and every issue shall be decided by majority of votes and in the event of equality of votes the Chairman shall exercise a second or casting vote.

(8) Subject to the provisions herein contained, the Board shall have powers to frame subsidiary rules and regulations for the conduct of its business.

(9) The Board may delegate to the Secretary-Treasurer such of its powers, as in the opinion of the Board, are necessary for the management of the fund.

(10) All contracts and agreements shall be made and executed in the name of the Board and signed on its behalf by the Secretary-Treasurer.

(11) The Board shall be the authority for sanctioning the assistance from the fund.

(12) A member of the board shall cease to be a member on his death or resignation of his membership or becomes unsound mind or insolvent or on conviction of a criminal offence involving moral turpitude.

(13) Resignation of membership shall be tendered to the Chairman of the Board and shall become effective from the date of its acceptance or on the expiry of thirty days after the date of resignation, whichever is earlier.

(14) Vacancies in the Board shall be filled up in the manner in which Board was originally constituted.

(15) The Board shall meet as and when it is found necessary for the transaction of the Fund, but in any case atleast six times a year.

(16) Where the term of office of the Board has expired and a new Board has not been constituted or the members of the Board resign or the remaining members cannot constitute the quorum for the meeting of the Board, the Government may appoint the Secretary to Government, Co-operation Department or the Registrar of Co-operative Societies as Administrator to manage the affairs of the Board for a period not exceeding six months or till the Board is constituted, whichever is earlier.

(17) (a) The Secretary-Treasurer of the Fund shall be an Officer not below the rank of Joint Registrar of Co-operative Societies, appointed by the Government.

(b) The Board may appoint such other staff on deputation from the Department of Co-operation or make such other arrangements, as they may deem necessary, for the efficient control, management and administration of the Fund:

Provided that the previous sanction for the creation of posts should be obtained from the Government.

(18) The following shall be the duty of the Secretary-Treasurer, namely:—

- (a) to keep in safe custody of all records of the Board;
- (b) to conduct the official correspondence on behalf of the Board;
- (c) to issue all notices for convening the meetings of the Board;
- (d) to keep minutes of all meetings of the Board;
- (e) to manage the properties and funds of the Board;
- (f) to maintain or cause to be maintained the accounts of the Board;
- (g) to sue and be sued for and on behalf of the Board; and

(h) to exercise all other powers and execute such other functions as may be assigned to him by the Board from time to time.

(19) No remuneration except T.A. and D.A. shall be paid to any of the members of the Board without the prior approval of the Government.

7. *Investment of the Fund.*—The corpus of the fund shall be invested in the District Co-operative Banks or in Government Treasuries, as a special deposit earning interest at the maximum rate payable by it on fixed deposits or in any other manner as may be specified by the Government. The interest earned on the investment shall be credited to the corpus of the Fund.

8. *Maintenance of accounts.*—The Secretary-Treasurer shall maintain the accounts of the Fund in such form and such manner as may be specified by the Board. The limits of withdrawal and expenditure from the fund shall be decided by the Board, from time to time.

9. *Utilisation of the Fund.*—(1) The Fund shall be utilized for the settlement of claims in respect of the deposits which are guaranteed. The amount guaranteed per depositor shall not exceed Rupees one lakh.

(2) All expenses of the Board for the administration of the Scheme shall be met from the Fund.

10. *Sanctioning of the assistance/guaranteed amount under the Scheme.*—

(1) The Board is the authority to sanction the assistance/guarantee amount under the scheme.

(2) The Board shall frame such regulations, with the prior approval of the Government, as are necessary for admission of Co-operative Societies in the scheme, mode of payment of premium/ contribution, submission of returns/ statements by the societies, procedure for applying for the assistance, the enquiries to be conducted, verification to be made, the documents to be obtained, and the quantum of the amount of assistance to be sanctioned.

11. *Accounts and Audit.*—(1) The accounts kept by the Secretary-Treasurer of the Board shall be audited by an Auditor appointed by the Director of Co-operative Audit and a report consisting of income and expenditure statement, profit and loss Account and the balance sheet duly certified, shall be furnished by him to the Secretary-Treasurer of the Board. The Secretary-Treasurer shall place the report before the Board within thirty days of its receipt.

(2) Copies of the annual accounts of the Board duly audited and certified by the Auditor shall be submitted by the Secretary-Treasurer to the Registrar of Co-operative Societies and to the Government every year.

12. *Annual report.*—An annual report on the working of the Board shall be prepared by the Secretary-Treasurer and shall after approval by the Board, be presented to the Registrar and to the Government.

13. *General.*—(1) All types of deposits of any duration in Primary Agricultural Co-operative Societies, including Rural Bank, Farmers Service Co-operative Bank, Non-Agricultural Credit Societies, Urban Co-operative Societies and Employees Credit Societies categorized under rule 15 of the Kerala Co-operative Societies Rules, 1969 except chitty, monthly deposit scheme, group deposit and credit scheme shall be covered by the Scheme.

(2) The interest on deposit paid by Credit Societies shall be at the rates as prescribed by the Registrar.

(3) The Societies shall maintain such records and furnish such returns as may be prescribed by the Board and the Registrar from time to time.

(4) Every Societies shall submit the following statements by registered post with acknowledgment duly certified by the Committee of the Society countersigned by the auditor of the society, within three months on the closure of the year, failing which the Chief Executive of the society shall be liable to pay penal interest at the rate of twelve per cent per annum. The Secretary-Treasurer of the Board shall enter the receipt of the statement in the registers maintained by the board, for the purpose.

(5) The Head Office of the Board shall be at Thiruvananthapuram but the Board may, with the prior sanction of the Government, establish branches or regional offices in any other place in Kerala.

(6) If any Credit Society covered by the Scheme is unable to make payment to the depositor, the depositor shall be free to approach the Board for assistance.

By order of the Governor,

DR. V. M. GOPALA MENON,
Secretary to Government.

Explanatory Note

(This does not form part of the notification, but is intended to indicate its general purport.)

Section 57B of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) envisages that Government may by notification in the Gazette frame a scheme to be called "The Deposit Guarantee Scheme" to carry out the provisions of the said Act and as per G. O. (P) No. 162/2000/Co-op. dated 29th December, 2000 and published as S. R. O. No. 1/2001 in the Kerala Gazette Extraordinary No. 14 dated 2nd January, 2001 Government have issued a scheme accordingly. Discrepancies were noted and now the Government intends to revise the scheme.

The notification is intended to achieve the above object.