

**GOVERNMENT OF KERALA**  
**Co-operation (A) Department**  
**NOTIFICATION**

G.O (P) No. 116/2018/Co-OP

Dated, Thiruvananthapuram, 22<sup>nd</sup> September, 2018  
6<sup>th</sup> Kanni,1194.

**S. R. O No. 695/2018.** – 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 Kerala Co-operative Deposit Guarantee Scheme, 2012 issued under G. O. (P) No. 03/2012Co-op. dated 11<sup>th</sup> January, 2012 and published as S. R. O No. 28/2012 in the Kerala Gazette Extraordinary No. 87 dated 13<sup>th</sup> January, 2012 the Government of Kerala make the following Scheme, namely:-

**1. Short title and commencement**

- 1) This scheme may be called the Kerala Co-operative Deposit Guarantee Scheme, 2018.
- 2) It shall come into force at once.

**2. Definitions**

- i) 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 by a Guaranteed society to the fund at the rate specified in sub- paragraph (a) and (c) of paragraph 5.
  - d) “Defunct” or “Dormant “ or “under liquidation society “ means a co-operative society which has been prohibited from receiving fresh deposits or which has been ordered to be wound up or which has ceased to be a co-

- operative society or in respect of which an application or proceedings for winding up is pending with the Registrar of Co-operative Societies.
- e) "Deposit" means the aggregate of unpaid balances due to the depositor in respect of all his deposit accounts by whatever name called with a co-operative society and includes credit balances in any cash credit account, but does not include deposit of other co-operative societies;
  - f) "Fund" means the Deposit Guarantee Fund constituted under subparagraph (1) of paragraph 5.
  - g) "Government" means the Government of Kerala.
  - h) "Guaranteed Deposit" means the deposit or any portion thereof the repayment where of is guaranteed by the Board under the provisions of this scheme.
  - i) "Guaranteed Society" means a co-operative society registered under the Kerala Co-operative Societies Act and joined the scheme of Deposit Guarantee Scheme.
  - j) "Secretary" –"Treasurer" means the Secretary –Treasurer of the Board.
  - k) "Society" means a Primary Agriculture Credit society, a Primary Co-operative Agriculture and Rural Development Bank, a Farmers Service Co-operative Bank, a Rural Co-operative Bank, an Agriculture Improvement Society, a welfare and Development Co-operative Society, an Urban Co-operative Society, a Rural Co-operative Society, an Employee's Co-operative Credit Society, a vanitha Co-operative society, a Non Agricultural Credit Society or any other co-operative society which accepts deposit from members and such deposits constitutes part of it's working capital and which is not a defunct or dormant or under liquidation.
- 2) The words and expressions used but not defined in this scheme and defined in the Kerala Co-operative Societies Act 1969 shall have the same meanings respectively assigned to them in the Act.

**3. Purpose of the Scheme.-**

The purpose of the scheme is to provide guarantee for the deposits made in societies by its members and For creating confidence among the depositors thereby to attract more deposits.

#### **4. Applicability of the Scheme**

- i) This scheme shall apply to all societies coming under the administrative control of the Registrar of Co-operative Societies which accept various types of deposits as per the terms and conditions fixed in the bye-laws or sub-rules and as per the directions and guidelines issued by the Registrar from time to time and which are not defunct or dormant or under liquidation and do not include Insured Co-operative Banks which are covered under the Deposit Insurance and Credit Guarantee Scheme of the Deposit Insurance and Credit Guarantee Corporation of India.
- ii) The guaranteed societies shall have to maintain fluid resources as provided under rule 63 of the Kerala Co-operative Societies Rules 1969 and be offered interest on deposits at such rates as fixed by the Registrar from time to time. If the society is in loss the accumulated loss shall not exceed its own funds.
- iii) The societies shall have proper facilities for the safety of valuables and records.
- iv) The societies having area of operation within one district shall be notified to the Board constituted for the administration of the Deposit Guarantee Fund by the Joint Registrar (General) of the district concerned. having area of operation more than one district or statewide shall be notified to the board by registrar of the co-operative societies.

#### **5. Constitution of the Deposit Guarantee Fund**

- i) The board, as soon as may be after the coming into force of this scheme, shall constitute a fund for the societies by name “ The Deposit Guarantee Fund”
- ii) The corpus of the fund shall be built up by contribution from the societies specified in paragraph 4 of this Scheme, as follows:
  - a) Every society shall make the initial contribution to the fund on the outstanding amount of deposits at the beginning of the financial year in which the scheme comes into force. The contribution to be made to the fund is at the rate of 10 paisa per every deposit of hundred rupees or parts thereof outstanding at the beginning of the financial year in which the scheme comes in to force.
  - b) The initial contribution to the fund payable by the societies shall be remitted either in lump sum or in two annual installments.
  - c) Subsequent contributions shall be made on the basis of deposits outstanding at the end of each financial year at the rate of ten paisa per every deposit of hundred rupees or parts thereof
  - d) The balance of funds, if any, available with the District Co-operative Banks under the scheme provided as per GO(P) No.3/2012/Co-op. dated 11<sup>th</sup> January, 2012 shall be transferred to the corpus of the fund by the General Manager of the Bank on request of the Board.
  - e) The amount to the credit of any account with a society which has not been operated upon for a period of 10 years or any matured term deposit or any amount remained unclaimed for more than ten years, There shall be credited to the fund within a period of three months from the expiry of the said period of ten years.

Provided that nothing contained in this subparagraph shall prevent a depositor or any other claimant to claim his deposit or unclaimed amount or operate his account or deposit account with the society after the expiry

of the said period of ten years and such society shall be liable to repay such deposit or amount at such rate of interest as may be specified by the Registrar of Co-operative Societies.

Provided further that the society which has paid the outstanding amount referred to in sub paragraph or which has allowed operation of such account or deposit, may apply for refund of such amount from the Board in such manner as may be specified by the Board.

- f) The contribution shall be remitted in the account of the Board in the manner as may be provided by regulations framed by the Board.
- g) The Societies shall remit the contribution and deposit amount to the fund within three months after the completion of a financial year calculated at the prescribed rate specified under sub paragraph (2)(a)(c) and (e) of paragraph 5 failing which the Chief Executive of the society shall be made liable to pay an interest for the defaulted contributions at the rate of twelve percent per annum, till the payment made and the amount so paid will form part of the 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 and insurance cover for the period of such delay.
- h) No portion of the contribution remitted shall be refunded to any society for any reason.
- i) 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.
- j) All moneys belonging to the fund shall be deposited in the accounts opened in the joint names of the Secretary- Treasurer and Vice chairman of the Board in the branches of the Kerala State Co-operative Bank or District Co-operative Banks concerned or in the Government Treasury.
- k) The contribution paid by the Guaranteed Societies to the Board is required to be absorbed by the banks /Societies themselves so that the benefit of

the Deposit Guarantee Protection is made available to all the depositors. A guaranteed society/bank is required to remit contribution not later than the last day of June each year. If it does not pay on or before the stipulated date the contribution payable by it or any portion thereof, it is liable to pay interest at the rate of 12% per annum on the amount of such contribution or on the unpaid portion thereof as the case may be from the beginning of July of that year till the date of payment. Interest is calculated on the basis of actual number of days of default taking one year as 365 days.

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

2) The Board shall consists of the following members namely:-

i) The minister in charge of co-operation, who shall be the chairman of the Board.

ii) The chairman, state co-operative union

iii) Four representative of the committee of primary Agricultural Credit Societies to be nominated by the Government.

iv) One representative of the committee of Non-Agricultural Credit Societies to be nominated by the Government.

v) One representative of the committee of Employees Credit Societies to be nominated by the Government.

vi) One representative of the committee of Vanitha Co-operative Societies to be nominated by the Government.

vii) One representative of the committee of all other types of societies which accept deposit from their members, to be nominated by the government.

viii) One eminent co-operator to be nominated by the government.

ix) The Secretary to Government, Co-operation Department.

x) The Registrar of Co-operative societies.

- xi) The Director of Co-operative Audit.
- xii) The secretary –Treasurer of the Board.
- 3) One of the members from among the representatives of Primary Agricultural Credit Societies or the eminent Co-operator shall be nominated by the government as Vice –Chairman of the Board.
- 4) The term of the Board shall be for a period of five years from the date of the first meeting of the Board. The representatives and eminent co-operator nominated by the Government under clause (iii),(iv), (v), (vii), and (viii) shall hold office during the pleasure of the Government.
- 5) The Board shall be a body corporate by the name aforesaid having perpetual succession and common seal with power subject to the provisions of Kerala Co-operative Societies Act and rules and this Scheme and shall have the power to acquire, hold or dispose of property and enter into contract and shall by the said name sue or and be sued.
- 6) The Head office of the Board shall be at Thiruvananthapuram but it may, with the previous sanction of the Government establish branches in any other place of the state.
- 7) The Board shall be responsible for the proper administration of the Fund.
- 8) 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.
- 9) The members of the Board shall be paid by the Board sitting fees and allowances for attending it's meetings and for attending any other work of the Board as may be ordered by government from time to time.
- 10) Subject to the provisions herein, contained the Board shall have powers to frame subsidiary rules and regulations for the conduct of it's business.

11) The Board may delegate to the Secretary –Treasurer such of it's powers, as in the opinion of the Board, are necessary for the management of the Fund.

12) All contracts and agreements shall be made and executed in the name of the Board and signed on it's behalf by the chairman or vice-chairman and Secretary –Treasurer.

13) The Board shall be the authority for sanctioning the assistance from the Fund.

14) A member of the Board shall cease to be member on his death or resignation of his membership or becomes unsound mind or insolvent or on conviction of criminal offence involving moral turpitude or is absent without leave of the board for more than three consecutive meetings.

15) Resignation of membership shall be tendered to the chairman of the Board and shall become effective from the date of it's acceptance by the Board or on the expiry of 30 days after the date of resignation whichever is earlier.

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

17) The Board shall meet as and when it is found necessary for the transaction of the Fund but, in any case at least six times a year, but difference between two meetings shall not exceed four months.

18) 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 the Co-operative Societies or Additional Registrar (Credit) as administrator to manage the affairs of the Board for a period not exceeding six months or till a new Board is constituted whichever is earlier.

19) (a) The secretary –Treasurer of the Board 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 including direct recruitment 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 shall be obtained from the government. Direct recruitment to the post of officers and employees of the Board shall be made by the Board on the basis of a rank list prepared by the marks obtained in the written tests conducted by an outside agency and interview conducted by the Board. The Board may also appoint officers who retired from the service of co-operative institutions or Co-operative department, on contract basis, subject to the prior sanction of the government.

20. 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 as advised by the chairman or vice chairman;
- d. to keep the 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.

## **7. Investment of the Fund-**

The corpus of the fund shall be invested in the Kerala State Co-operative Bank or District Co-operative Banks, or in Government Treasuries as a special deposit, earning interest at the existing maximum rate payable by the institutions 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 the Accounts**

The secretary –Treasurer shall maintain the accounts of the fund in such manner as may be specified by the Board. The limits of the withdrawal and expenditure from the fund shall be decided by the Board, from time to time.

## **9. Utilization of the Fund**

1) The fund shall be utilized for the following purposes.

(a) Settlement of claims in respect of the deposits which are guaranteed. The amount guaranteed per depositor per Bank/Society shall not exceed Rupees Two lakhs.

(b) All expenses incurred by the Board connected with this scheme have to be met out of the Fund

(c) To give state level and District level award to guaranteed societies for the outstanding performance in the deposit mobilization; and

(d) to conduct seminars for the depositors awareness.

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

10) Sanctioning of the guaranteed amount under the scheme-  
(1) The Board is the authority to sanction the guaranteed amount /Insured 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 contribution/ submission of returns/statements by 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 assistance to be sanctioned

### **11. Accounts and Audit**

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 the Government .

### **13.General**

1) All types of deposits of any duration in societies mentioned under clause 2(k) except chitty, monthly deposit scheme, group deposit and credit scheme shall be covered by the Scheme

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

3) All the societies included in the scheme shall keep the records prescribed by the Board and the Registrar and submit such returns to the Board.

4) Every society registered under the scheme shall submit the following statements, duly certified by the committee of the society and countersigned by the Auditor of the society within three months on the closure of the year.

i) The Balance Sheet, Profit and Loss account and Deposit Guarantee Return.

ii) Rate of interest on term deposit and SB deposit given by the society to its depositors.

iii) Statements of the deposits matured on the date of Balance Sheet and other demand and time liabilities.

iv) Cash on hand, balance with other banks, post office savings bank and unencumbered investments.

v) Investments in debentures of Agricultural and rural Development Bank and other Trustee Securities .

vi) Investments in Government. Securities and Trustee Securities.

vii) Fixed deposit with other bank.

viii) Undrawn eligible portion of cash credit with Dist. Co-operative Bank.

ix) Treasury small savings and fixed deposit.

x) Percentage of fluid resources maintained.

xi) Statement of deposit accounts which had not been operated upon for a period of ten years as on the date of the Balance sheet.

xii) Statement of matured term deposits or any amount remained unclaimed for more than ten years as on the date of the Balance sheet.

xiii) The Board is empowered to have free access to the records of a guaranteed bank/society and to call for copies of such records. On Board's requests, the Registrar of Co-operative Societies is required to undertake/cause the inspection/investigation of a guaranteed Bank/Society.

xiv) Notwithstanding anything contained in the Kerala Co-operative Societies Act or Rules the Board may at any time direct a guaranteed society to furnish

to it within such time as may be specified by the Board such statements and information relating to the deposits in that society as the Board may consider necessary or expedient to obtain for the purpose of this scheme.

xv)The Board may appoint such number of officers and employees as it considers necessary/desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service, with the previous sanction of the Government.