

Directorate of Cooperation
Himachal Pradesh

No. 5-60/91-Coop(C&M)-II

Dated Shimla-9 the

14 th. Sept. 2012

CIRCULAR


During the course of investigation by the Vigilance Department in the case FIR No. 4/10 dated 5-6-2010 u/s 420, 467, 468, 471, 120 B IPC PS SV&ACB Una certain weaknesses were noticed in the grant and utilization/ recovery of loans by Cooperative Societies in the State. The existing provisions of the Model Bye-Laws of the Nagal Jarialan CAS was studied by the said department and suggested to consider certain incorporation in the existing system of grant of loan and its recovery by Cooperative Societies so as to streamline the same.

Although the Department vide circular dated 4-1-2006 and 24-6-2011 has already issued detailed instructions and guidelines for smooth conduct of business operations of the cooperatives and their affairs are run in accordance with provisions of H.P. Cooperative Societies Act, 1968, RBI instructions and other related laws to avoid any violations and conflicts which may prove detrimental to their growth and development yet it is thought expedient and proper to issue the following instructions on the matter in pursuance of rule 152 of the H.P. Cooperative Societies Rules, 1971 in addition to the previous instructions referred above for effective and smooth conduct of their business operations :-

1. **Investment loans** above Rs. 1.00 Lakh for **direct agriculture & allied activities** as clarified below shall be sanctioned to the members of a society after executing the mortgage deed of land and immovable property in favour of society as security of loan. On the other hands loans upto Rs. 1.00 Lakh will be advanced against two solvent sureties. The other terms and conditions as envisaged in circular No. No.CS 5-60/91-Coop(C&M)-I, dated 4-1-2006 shall remain the same as amended from time to time.
 - (a) investment credit for direct agricultural activities shall cover loans extended for meeting outlays relating to the replacement and maintenance of wasting assets and for capital investment designed to increase the output from land, e.g. deepening of wells, sinking of new wells, installation of pump sets, purchase of tractor/pair of bullocks, land development and term loan for traditional and non-traditional plantations and horticulture; and
 - (b) investment credit for allied activities shall cover loans extended for acquiring assets in respect of activities allied to agriculture e.g. dairy, poultry farming, goatery, sheep rearing, piggery, fisheries, beekeeping, green houses and biogas.

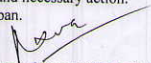
2. **Other term loans**, above Rs. 1.00 Lakh except the loans mentioned at (a)&(b) above, specifically mentioned in the loan policy or bye-laws of PACS shall also be granted only in favour of the members after executing the mortgage deed of land and immovable property in favour of society as security of loan. The loans upto Rs. 1.00 lakh would be granted to borrower against two solvent sureties. The other terms and conditions as envisaged in circular No.CS 5-60/91-Coop(C&M)-1, dated 4-1-2006 shall remain the same as amended from time to time.
3. **Short term production loans** given in connection with raising of crops which is to be paid within 18 months including working capital loan exceeding Rs. 1.00 lakh, for traditional and non- traditional plantations and horticulture shall be advanced to members against adequate tangible security mortgaged in favour of society as security of loan subject to the other terms and conditions as envisaged in circular No.CS 5-60/91-Coop(C&M)-1, dated 4-1-2006 and order of even No. dated 21-7-2010.
4. The loan shall be utilized for the purpose for which it has been applied for and after utilization of loan, utilization certificate shall be obtained from loanee.
5. No loan shall be advanced beyond the maximum credit limit.
6. In case, the PACS has adequate arrangement for marketing and warehousing etc., the agriculture produce may preferably be sold through the society so that the loan installments of agriculture loans could be taken care of.
7. The loan advanced for purchase of tractor, tools and machinery etc. shall be disbursed to the concerned Firm or the Supplier and bill/voucher shall be obtained.
8. The minimum period shall be fixed for such loans and the installments shall be fixed in view of the sanctioned loan.
9. The secretary/ managing committee of the Society shall obtain bill-voucher and utilization certificate from loanee and it shall be binding on him/it.
10. Special loan shall not be granted to any member of the PACS.
11. No loan shall be granted to defaulters of the PACS.
12. The short term Agri loan shall be advanced to members as per mandate of GOI on applicable rate of interest. PACS may cater to the credit need of their farmers by availing the credit facility/ refinance from HPSCB and DCCBs under the scheme.
13. No share linkage shall be applicable for the loans, if advanced under Kisan Credit Card (KCC) Scheme. Instructions in this regard is being issued separately.
14. The loan other than that of short term loans shall be granted to members preferably at lesser rate of interest than that of Banks keeping in view its cost of funds, if advanced by PACS from its own funds. Other terms and conditions issued by NABARD/GOI from time to time regarding advancement of loans under Kisan Credit Card(KCC) shall be strictly adhered to by all PACS to provide an innovative credit delivery mechanism to meet the production credit requirements of farmers in a timely and hassle-free manner.

All the PACS shall incorporate above provisions in their bye laws or loan policies as the case may be, and shall be strictly adhered to.


Registrar Cooperative Societies
Himachal Pradesh

Endst. No. No. 5-60/91-Coop(C&M)-II Dated Shimla-9 the 14 th. September,2012
Copy to:-

1. The Additional Chief Secretary (Coop) to the Govt. of Himachal Pradesh w.r.t. to the letter No. Coop-F(10)-11/2007-Vol-I, dated 31-01-2012 for information please.
2. The Principal Secretary (Home/Vig) to the Govt of Himachal Pradesh w.r.t. to the letter No. Per (Vig.)F-11(Coop) 5/2002-MISC, dated nil for information please.
3. The Dy. Inspector General of Police SV&ACB H.P Khalini Shimla-2 w.r.t.the letter No. SV&ACB (R-N/R/VHQ) Case 4/10(UNA) 491, dated 9-1-2012 for information.
4. The Chief General manager NABARD Block No. 32 SDA Complex Kasumpti Shimla-9.
5. The Additional Registrar Cooperative Societies Dharamshala/ Shimla for information and necessary action.
6. The Deputy Registrar Cooperative Societies Eastern/Western/Central Division H.P. for information and necessary action.
7. All the Assistant Registrar, Cooperative Societies in Himachal Pradesh for strict compliance of these guidelines and to circulate these directions to all PACS functioning in their respective circle.
8. The Managing Director the HPSCB/JCCB/KCCB for information and necessary action.
9. All the branch officers of this directorate for information and necessary action.
10. The Secretary HIMCOFED for publication in Sehkar Darpan.
11. Guard File.


Registrar Cooperative Societies
Himachal Pradesh

Directorate of Cooperation
Himachal Pradesh

No. 5-60/91-Coop(C&M)-II

Dated Shimla-9 the 14th. Sept. 2012

CIRCULAR

The Department of Financial Services, Ministry of Finance GOI had set up a Working Group to review the Kisan Credit Card Scheme to suggest changes to be made in the KCC scheme to make it a smart Card cum Debit Card. The Report and recommendations of said Group were accepted by the GOI and detailed operational guidelines have been issued by NABARD for adoption by RRBs and State Cooperative Banks/DCCBs vide letter No. NB.PCD.KCC/2082/KCC.1/2011-12, dated 29-3-2012 to devise suitable strategies to implement the scheme in time bound manner where in it has been clearly mentioned that for crop loan, no separate margin need to be insisted upon as the margin is in-built in scale of finance for crop loan as decided by District Level Technical Group(DLT).

Pursuant to the operational guidelines issued for adoption by RRBs and State Cooperative Banks/DCCBs vide above referred letter and demands being raised by farmer members of PACS since long regarding dispensing with the existing provisions of share linkage for crop loan, it is thought expedient and proper to issue the following instructions on the matter in accordance with the provisions of Rule 152 of the H.P. Cooperative Societies Rules, 1971 in addition to the previous instructions issued vide circular of even No dated 24-6-2011 for effective and smooth implementation of above scheme :-

1. That the HPSCB/DCCBs in the State shall provide the finance to PACS under KCC Scheme without any share linkage/margin. In turn, PACS shall also not make any share linkage/take margin from their members while providing finance under the said Scheme. This would be irrespective of whether PACS takes finance from the Cooperative Banks to which it is affiliated or provides the finance for KCC out of its own funds. This will help to make the scheme attractive and to provide an innovative cheap credit delivery mechanism to meet the production credit requirements of farmers in a timely and hassle-free manner as per mandate of GOI.

2. The provisions/conditions of share linkage shall remain unchanged for loans other than that advanced under KCC Scheme.
3. The short term Agri. loan shall be advanced to members as per mandate of GOI on applicable rate of interest. PACS may cater to the credit need of their farmers by availing the credit facility/ refinance from HPSCB and DCCBs under the scheme. The Cooperative Banks will endeavour to provide such credit facility by simplifying their procedures and by removing other bottlenecks presently prevalent at their level.
4. No processing fee shall be taken from member farmer upto Rs. 3.00 lakh for the loan advanced under the KCC Scheme.
5. Other terms and conditions issued by the NABARD/GOI from time to time regarding advancement loans under the KCC scheme shall also be strictly adhered to by Coop. Banks and PACS in the State.


 Registrar Cooperative Societies
 Himachal Pradesh

Endst. No. No. 5-60/91-Coop(C&M)-II
 Copy to:-

Dated Shimla-9 the 14th. Sept., 2012

1. The Additional Chief Secretary (Coop) to the Govt. of Himachal Pradesh for information please.
2. The Additional Registrar Cooperative Societies Dharamshala/ Shimla for information and necessary action.
3. The Deputy Registrar Cooperative Societies Eastern/Western/Central Division H.P. for information and necessary action.
4. The Chief General Manager NABARD Block No. 32 SDA Complex Kasumpti Shimla-9.
5. All the Assistant Registrar, Cooperative Societies in Himachal Pradesh for strict compliance of these guidelines and to circulate the same to all PACS functioning in their respective circles.
6. The Managing Director the HPSCB/JCCB/KCCB for information and necessary action.
7. All the branch officers of this Directorate for information and necessary action.
8. The Secretary HIMCOFED for publication in Sehkar Darpan.
9. Guard File.


 Registrar Cooperative Societies
 Himachal Pradesh