

No. 5/1/11/RCS/Credit/C4/2015/Vol-II/179
Government of Puducherry
Cooperative Department
-00-

Puducherry, dated 06/09/24

PROCEEDINGS OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, PUDUCHERRY

(Issued under section 83 (1) of the Puducherry Co-operative Societies Act, 1972)

Present : Thiru. S.YESVANTHAIYAH,
Registrar of Co-op. Societies, Puducherry.

Sub: Credit – Thirubuvanai Farmers Service Co-operative Society Ltd. No. P.34 –Improper functioning of the committee of management of the society – Supersession under Section 83(1) of the Puducherry Co-operative Societies Act, 1972 – Orders _issued.

- Read:** 1. Representation dated 16.10.2023, received from Thiru. P.Murugaiyan, Member, Thirubuvanai FSCS (Mem.No.4696) addressed to the Hon'ble Agricultural Minister under copy to this office.
2. Letter No. பு.மா.கூ.வ /த.அ /284/2023-24/சி.பி.எம்.சி, dated 14.2.2024, received from the Managing Director, Pondicherry State Co-operative Bank, Puducherry, addressed to the President, Thirubuvanai Farmers Service Co-operative Society under copy to this office.
3. Representation dated 07.03.2024, received from Thiru. I. Sathyaseelan, Committee Member, Thirubuvanai FSCS (Mem No. 5556) addressed to the Lieutenant Governor under copy to this office.
4. Inspection report dated 13.5.2024, submitted by Thiru. K. Maran, Senior Inspector (Credit section), Co-operative Department, Puducherry.
5. Letter No. பு.மா.கூ.வ /த.அ /284/2024-25/சி.பி.எம்.சி, dated 23.5.2024, received from the Managing Director, Pondicherry State Co-operative Bank, Puducherry, addressed to the President, Thirubuvanai Farmers Service Co-operative Society under copy to this office.
6. Letter No. பு.மா.கூ.வ /த.அ /284/2024-25/சி.பி.எம்.சி, dated 24.6.2024, received from the Managing Director, Pondicherry State Co-operative Bank, Puducherry.
7. Show Cause notice No. 5/1/11/RCS/Cr/C4/2015/Vol-II/147 dated 28.6.2024.
8. Reply to the Showcause Notices by Thiru. J. Venkatachalapathy, K. Vadivelu, A. Murugan, R. Udayasuriyan, S. Ramakrishnan, R. Arulvanan through their legal counsel Thiru. N. Rangasamy Advocate High Court Chennai, dated 06.07.2024.
9. Reply furnished to the Showcause notice by the Director Thiru. I. Sathiasaelan, P. Saravanan, S. Ravikumar dated 10.07.2024.



WHEREAS the following members have been elected to the committee of management of the Thirubuvanai Farmers Service Co-operative Society Ltd No. P. 34 to hold office from 9.8.2023 to 31.12.2025:-

Sl.No.	Member No.	Name	Designation
1.	4697	J. Venkatachalapathy	President
2.	6298	K. Vadivelu	V. President
3.	4167	A. Murugan @ Subramani	Director
4.	4242	R. Udayasurian	Director



(Contd..)

5.	4838	S. Ramakrishnan	Director
6.	3540	R. Arulvanan	Director
7.	5556	I. Sathiaselvan	Director
8.	4617	P. Saravanan	Director
9.	6379	S. Ravikumar	Director

2. AND WHEREAS, the Financing Bank, viz., the Pondicherry State Co-operative Bank Ltd., vide reference sixth cited has reported the following irregularities noticed in the functioning of the Thirubuvanai Farmers Service Co-operative Society Ltd No. P. 34 and requested the undersigned to take action to ensure proper functioning of the said society;

- xv. On examination of the financial statement of the said society for the month of Dec 2023 by the Bank's Manager, it was found that there was an imbalance of fund of Rs. 56,52,601/- between the loan outstanding with the PSCB and the loan outstanding with the members. In this regard, the same was informed to the society vide letter second cited and advised to remit the imbalance in the Bank, immediately.
- xvi. Meanwhile, it was revealed that Thiru. S. Jayakumar, Manager of the society has committed various irregularities in issue of crop loan to the farmers through the society and misappropriated several lakhs of money by preparing fake chitta copy for granting crop loan. He had obtained crop loan from the society by giving forged certificates in the name of his wife and mother.
- xvii. It was also found that, Thiru. S. Jayakumar, Manager was involved in the following irregularities:
 - a. The fertilizer (urea) purchased through the society has been billed as if bought by the farmers and sold it to a private company at high price.
 - b. Misappropriated the Tractor Hire Charges received from the farmers without making bills.
 - c. Committed various malpractices in issue of SHG and consumer loan. Without taking action for recovery of loans given, he compromised with the loanee and gained self-interest.
 - d. A complaint has been lodged against Thiru. S. Jayakumar, Manager and against his friend Thiru. Ramesh, with Thirubuvanai Police, for having obtained loan on submission of fake certificates. CBCID Case (FIR NO. 00012/13.6.2022) and fraud case (FIR 088/ 16.6.2023) are pending.
 - e. Due to the above mentioned irregularities, the committee of management of the society had suspended the said Manager temporarily on 14.5.2024.
- xviii. On examination of the financial statement of the society for the month of May' 24, it was found that imbalance of fund between the loan outstanding (Rs. 4,63,34,343/-) with the Puducherry State Co-operative Bank and the loan outstanding (Rs. 3,48,02,088/-) with the members was increased to **Rs. 1,15,32,255/-**. Therefore, the society was once again instructed to remit the balance amount immediately with the Bank vide letter fifth cited. But, the society has not remitted the amount, till date. Because of these activities, the imbalance of the society is increasing day by day.
- xix. The society didn't properly follow the rules of the CCL (Jewel Loan) and used the loan obtained from the bank for administrative expenses and for other activities. Further, if the same situation continues,



there is a lot of possibility that the financial condition of the said society will get worse, in future. Also, in the past, the NABARD during conduct of audit of the PSCB, had pointed out the imbalance of funds with the societies and advised to take immediate action to collect the same from the concerned societies.

- xx. If this situation continues, there will be a situation where the savings account and deposits received from the general public / members will not be refunded and the activities of the society would come to complete stand still.
- xxi. Also, if the society is unable to repay the CCL (Jewel Loan) to the PSCB, the Bank will be liable to get severe penalty / censure from NABARD and RBI.

3. AND WHEREAS, in pursuance of sub- Section (1) of section 83 of the Puducherry Co-operative Societies Act, 1972 the undersigned issued a notice on 28.6.2024 vide reference 7st cited to all the members of the said committee, to show cause as to why the said committee should not be superseded for its improper functioning of the Committee and called for their explanation within 7 days from the date of issue of said notice failing which further action will be initiated on merits. The said notice was duly served to the members of the said committee by registered post:

4. AND WHEREAS, the six directors of the Committee of Management has submitted their reply through a legal counsel. Which was all repitive and same the other there Director have complained about not conducting Board meeting as per bye law and has demanded for supersession of committee of management for their elections.

5. AND WHEREAS, in short, the reply submitted by the said committee members has not been supported with any valid and acceptable grounds and as such, the undersigned is not convinced with their reply;

6. AND WHEREAS, it is also noticed that the present committee of management of the said society is not function properly for the better interest of the members and depositors of the society and it will not be conducive for the development of the society:

7. AND WHEREAS, in view of the above facts, the undersigned formed an opinion that the said committee did not functioning properly and failed to exercise its duty in accordance with the provisions of the Puducherry Co-operative Societies Act, 1972 and Rules there under and the bye-laws of the society:

8. AND WHEREAS, in view of the above, the undersigned is satisfied that the Committee is not functioning properly in accordance with the provisions of the Puducherry Co-operative Societies Act, 1972 and Rules there under and the Bye- laws of the said Society;

9. AND WHEREAS, it is noticed that the above irregularities and the present financial condition of the society shows the administrative incompetence of the present committee of management of the society to manage the affairs of the society;

10. AND WHEREAS, in pursuance of sub-section (6) of the section 83, the financing Bank, viz, Puducherry State Co-operative Bank was consulted and the said Bank has also consented for the proposal of dissolution of the Committee and appointment of a Special Officer to manage the affairs of the Society;



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11. AND WHEREAS, in view of the reasons stated above and in the better interest of the society in general and its members in particular, the undersigned further formed an opinion that the said committee should be dissolved:

12. NOW THEREFORE, in view of above facts and in the interest of the members of the Society and in exercise of power conferred under Sub-Section (1) of section 83 of the Puducherry Co-operative Societies Act, 1972, the undersigned hereby dissolves the committee of management of the Thirubuvanai Farmers Service Co-operative Society Ltd. No.P.34, with immediate effect, and appoints Thiru. A.Raja Mohan, Senior Inspector as the Special Officer to manage the affairs of the said society, in addition to his normal duties.

13. The said Special Officer, subject to the control of the undersigned and to such directions as the undersigned may, from time to time, give under sub-section (3) of section 83 of the said Act, shall have power to exercise all or any of the functions of the committee or of any officer of the society and to take such action as may be required in the interest of the society.

14. The said special officer shall hold office for a period of six (6) months from the date of assumption of charges and take action to rectify the errors/ mismanagement committed by the Committee of Management and Officials.




(S.YESVANTHAIYAH)
REGISTRAR OF CO-OPERATIVE SOCIETIES
15/16

To

Thiru. A. Raja Mohan,
Senior Inspector (Handlooms),
Co-operative Department,
Puducherry.

Copy to:

1. The President, Thirubuvanai FSCS
2. All the members of the committee of management of the Thirubuvanai FSCS
3. The D.R(Handlooms), Co-operative Department, Puducherry
4. The Deputy Registrar (CLC)
5. The Managing Director, PSCB.
6. Web Editor, Co-op. Dept.
7. Stock File, 2024.