

No.RCS/CLC/Directions/2020/65
Government of Puducherry
Cooperative Department (Coop. Legal Cell)
V.V.P.Nagar, Thattanchavady Post, Puducherry – 605009.

Puducherry dated 16.10.2020

Direction issued under Section 81(1) of the Puducherry Cooperative Societies Act, 1972

Present: Tmt. SMITHA.R, I.A.S.
Registrar of Cooperative Societies, Puducherry.

Sub: Union territory of Puducherry - Registered cooperative societies (*Handlooms, Consumers, Housing, Dairy & Fisherman societies*) - Acceptance of fixed deposits from members, non-members and cooperative institutions – Prohibition - Direction under Section 81 of the Puducherry Cooperative Societies Act, 1972 – Issued.

It has been noticed that, some registered cooperative societies, such as Handloom societies, Consumers sector societies, Housing societies, Dairy societies and Fisherman societies (*for short "societies"*), which function in the Union territory of Puducherry, accept fixed deposits (*for short "FDs"*) from members, non-members and cooperative institutions even though accepting of FDs is not the primary object of the societies. However, some societies accept FDs and utilize the funds raised through FDs to meet out recurring expenditures like disbursement of monthly salaries to their employees, which is not justifiable under any circumstances. It has also been reported that, some societies even failed to refund the FDs on maturity. Depositors submit recurrent representations to the H.E.Lt.Governor of Puducherry and to the undersigned in respect of non-refund of FDs by the societies. It is pertinent to mention that, non-refund of FD on maturity is a serious criminal offence, for which, depositor is legally entitled to file private complaints with the competent Criminal Court of law against the President / Administrator / Chief Executive Officer (CEO) of the society concerned.

2) In view of the above and in the interest of depositors of the societies, it has been decided to prohibit the societies from accepting FDs.

3) In view of the above and notwithstanding anything contained to the contrary in the registered bye-laws of the societies and/or in the approved subsidiary regulations of the societies governing the acceptance of fixed deposits and to secure proper management of the business of the societies and in exercise of the powers conferred under Section 81 of the Puducherry Cooperative Societies Act, 1972, the undersigned hereby issue the following *directions to the managements of all Apex, Central and Primary level (a) Handloom societies (b) Consumers sector societies (c) Housing societies (d) Dairy societies and (e) Fisherman societies, which function in the Union territory of Puducherry:*

- a) Henceforth, **societies shouldn't accept FDs** or deposits of any kind under any scheme from their members, associate members, nominal members, non-members and registered cooperative societies, for any reason and under any circumstances.
- b) FDs, if any, already received must be refunded on maturity.
- c) FDs shouldn't be renewed on maturity even if such renewal is requested by the depositor concerned.

d) Existing and enabling provisions, if any, in the bye-laws of the societies and the subsidiary regulations governing the acceptance of deposits, are to be immediately and suitably amended by the General Body of the societies and the Committee of management of the societies respectively to preclude the acceptance of deposits. Such amendments shall be submitted to the undersigned for registration / approval.

4) The directions stated at pre-para should scrupulously be adhered by the management of all the societies concerned, in letter and spirit. Violation of these lawful directions, when reported by the Statutory Auditors or otherwise, will be viewed seriously and appropriate legal action will be initiated against such wrongdoers in accordance with law in force.

(SMITHA.R, I.A.S.)

Registrar of Cooperative Societies

To:

All the apex, central and primary level cooperative societies concerned

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through the respective administrative branch officers.

(Handlooms / Housing / Consumers / Dairy / Fisherman)

Copy to:

(1) The PS to Secretary (Coop.) >>> for the kind information of the Secretary (Coop.)

(2) The Director, Directorate of Fisheries & Fishermen Welfare x

(3) The Dairy Development Officer x

(4) The Deputy Registrar (Handlooms) x

(5) The Deputy Registrar (Housing) x

(6) The Deputy Registrar (Consumers) x

With request to arrange to send a copy of this direction to all the cooperative societies under their administrative control.

(7) The Deputy Registrar (Audit) x

(8) The Deputy Registrar, Karaikal x

(9) The Deputy Registrar, Mahe x

(10) The Cooperative Officer, Yanam x

With request to arrange to issue a copy of this direction to the Chartered Accountants, departmental Auditors and departmental Checking Inspectors.

✓(11) Web Editor, Cooperative Department

(12) Stock File, 2020

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