

No.5/10/2/2/RCS/K/84/46
Government of Pondicherry
Co-operative Department

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Pondicherry, the 7.2.1989

CIRCULAR No. 3/89

Sub: Staff Co-operative Credit Societies – Admission of members – To
observe certain procedures – Instructions – Issued.

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Instances were brought to the notice of this Department that employees of various organizations and Government departments were enrolled as new members without any restriction in the Pondicherry Public Servants Co-operative Society, even though separate staff co-operative credit societies have been functioning in their respective departments/organizations. After starting staff co-operative credit societies in majority of the Government departments and organizations, admission of those members by the Pondicherry Public Servants Co-operative Society will create problems in the smooth working of the staff co-operative credit society concerned.

The staff co-operative credit societies functioning in Government organizations and Government departments are, therefore, instructed not to issue “non member” certificate, if an employee of that department proposes to enroll himself as a new member of the Pondicherry Public Servants Co-operative Society/Pondicherry Co-operative Urban Bank. The society may, instead of issuing a non-member certificate, persuade the employee concerned to get himself admitted as a member of the concerned departmental staff co-operative credit society and non-member certificate may be issued only to the staff who are outside the purview of that department such as common categories of staff, like ministerial employees, class IV staff, gazetted officers, etc.

The above instructions should be adhered to strictly. The receipt of this circular may please be acknowledged.

M. SIVAGNANAM
JOINT REGISTRAR OF CO-OPERATIVE SOCIETIES

No.5/4/2/142/RCS/E/92/312
Government of Pondicherry
Co-operative Department

Pondicherry, the 8.3.1996

C I R C U L A R

Sub: Co-operative Department – Consumer Co-operative
Institutions and Salary Earners Co-operative Credit
Societies – Repayment of deposits – Instructions –
Issued.

It is brought to the notice of this department that in many consumer co-operative institutions and salary earners co-operative credit societies the repayment of fixed deposits is made in cash, irrespective of the amount of deposit. In this connection, it is informed that according to Section 269 (T) of the Income Tax Act, repayment of deposit together with or without interest or interest alone exceeding Rs.20,000 are to be made by an Account Payee Cheque or by and Account Payee Draft. From 1.4.1989 this provision is applicable even to co-operative societies. It is further pointed out that in the event of non compliance of this provision, a penalty equal to the amount of deposit will be levied under Section 271 (E) of the said Act.

The chief executives of the salary earners co-operative societies are requested to keep the provision of the Act in mind and whenever repayment of deposit or interest exceeding Rs.20,000 are made, it should be made only by an Account Payee Cheque or Account Payee Draft.

A. VALAVAN
JOINT REGISTRAR OF CO-OPERATIVE SOCIETIES

No.5/4/1/9/RCS/PLG/H1/99/222
Government of Pondicherry
Co-operative Department

Pondicherry, the 30.8.1999

C I R C U L A R

Sub: Co-operative Department- Salary Earners' Co-operative Credit Societies –
Availing the facilities of Group Insurance Scheme of Life Insurance
Corporation of India and benefits of Thrift Co-operative Federation –Reg.

It is informed that the Life Insurance Corporation of India is implementing a Group Insurance Scheme for the members of salary earners' co-operative credit societies of which the Life Insurance Corporation of India have covered the risk of the loan availed in the salary earners' co-operative credit societies at the time of death of the member up to Rs.80,000/-. The members have to pay annual premium proportionate to the loan outstanding. By availing this facility both the member and the society have benefited by getting claims from the Life Insurance Corporation of India.

It is further informed that the Thrift Co-operative Federation Ltd., a co-operative institution registered under the Multi-State Co-operative Societies Act, is also implementing a scheme for the benefit of members of salary earners' co-operative credit societies. By payment of Rs. 2,500/- as deposit by a member to the Federation, it assures to pay Rs. 50,000/- at the time of death of a member or refund the deposit during the cancellation of membership from the society. The Federation also pays bonus every year on the deposit to the members.

In this connection, it is informed that both the schemes seem to be more beneficial to the members as well as the society concerned. Therefore, it is informed that the salary earners' co-operative credit societies in the Union territory of Pondicherry may avail the facilities extended by both or any one of the schemes of Life Insurance Corporation of India and/ or Thrift Co-operative Federation Ltd., after getting satisfied with the terms and conditions of the above said schemes with the willingness of the concerned members.

G. RAGESH CHANDRA
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.5/4/1/58/RCS/PLG/H1/95/Vol.III/P.F/ 79
Government of Pondicherry
Co-operative Department

Pondicherry, the 5.7.2005

C I R C U L A R

Sub: Issue of gift coupons / gift articles to the members of Employees /
Salary Earners' Co-operative Credit Societies – Guidelines – Issued.

The salary earners / employees co-operative credit societies submit proposals seeking permission to utilize the general funds of the society under Rule 58 of the Pondicherry Co-operative Societies Rules, 1973 for the issue of gift coupons and gift articles to their members. The proposals are mostly based on unaudited financial statements and therefore, such proposals are agreed to for issue of gift coupons / gift articles to the extent of 50% of the net profit shown by such financial statements.

Proposals are received from few societies for issue of gift coupons and gift articles in the same financial year. This practice does not appear healthy and for the better interest of their members and working of the societies the following guidelines are issued:

1. The societies may issue only gift coupons or gift articles in one year and shall not go in for both.
2. Such issue of gifts shall not exceed 50% of the net profit and the Chief Executives shall be responsible for the correctness of the financial statements submitted along with the proposals.
3. Proposals shall not be submitted for issue of gift articles/gift coupons based on the current year's working and anticipated profit.

The societies are advised to build up resources and wherever possible reduce the interest rate to benefit the members directly.

G. RANGANATHAN
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.5/4/1/9/RCS/Plg/H1/2005/314
Government of Pondicherry
Co-operative Department

Pondicherry, the 19.12.2005

**Direction issued under Section 81 of the Pondicherry Co-operative Societies,
Act. 1972**

Sub: Dual membership in salary earners co-operative credit societies
- Laying down procedures – Directions – Issued.

WHEREAS, clause (g) of sub-section (1) of Section 22 of the Pondicherry Co-operative Societies, Act 1972, provide a disqualification for a person to seek admission as a member of a society if he is already a member of a member of a same class of society.

AND WHEREAS, clause (f) of sub-section (2) of Section 22 of the said Act lays down that a member shall cease to be a member of the society if he is also a member of another society of same class.

AND WHEREAS, instances are brought to the notice of this department that in many salary earners co-operative credit societies' dual membership is highly prevalent and this results in dual finance by the Pondicherry State Co-operative Bank. In many cases such loans have become doubtful recovery;

AND WHEREAS, it has become absolutely necessary to issue direction under sub-section (1) of Section 81 of the Pondicherry Co-operative Societies, Act 1972;

NOW, THEREFORE, to secure the proper management of the business of salary earners co-operative credit societies and to prevent the affairs of the society from being conducted in a manner detrimental to the interest of the members and depositors, following instructions are issued to salary earners co-operative credit societies, listed in the annexure, viz.,

- 1) Admission of new members: Before admitting eligible individuals as members of the society, the societies listed in the Annexure-I should invariably adhere the following procedures:-
 - (a) Obtaining of "No-Member Certificate": The societies listed in the Annexure –I should obtain from the applicant a "No-Member Certificate", as detailed in the Annexure-II.

- (b) Affixing of photographs in the application form: The societies listed in the Annexure should also insist the applicant to affix his photograph on the “Membership Application Form, and the photograph should be attested by the President / Secretary / Manager of the society, when the application is received.
 - (c) Verification of “No-member Certification” and Service Certificate”: The Societies listed in the Annexure-I should verify and ensure the genuineness of the “No-Member Certificate” and Service Certificate” Produced by the applicant.
- 2) SANCTIONING OF LOANS TO MEMBERS: Before sanctioning loans to eligible members, the societies listed in the Annexure – I should invariably adhere the following procedure:-
- a) Obtaining of No-Member Certificate”: The Societies listed in the Annexure-I should obtain from the applicant as well as from his surety a “Non-Member Certificate, as detailed in Annexure-II. However, there is no need for insisting “Non-Member Certificate” in subsequent occasions.
 - b) Verification of “Non-Member Certificate”: The societies listed in the Annexure-I should verify and ensure the genuineness of the “Non-Member Certificate” produced by the applicant.

The above directions shall be followed scrupulously and for any deviations the committee of management shall be responsible for action to be taken in accordance with law.

The receipt of the direction shall be acknowledged.

G. RANGANATHAN
REGISTRAR OF CO-OPERATIVE SOCIETIES

ANNEXURE – I
No.5/4/1/9/RCS/Plg/H1/2005/314
List of Salary Earners
Co-operative Credit Societies

1. The Pondicherry Public Servants Co-op. Society Ltd. No. P.52
2. The Pondicherry Co-op. Department Staff Co-op. Credit Society Ltd. No. P.80.
3. The Pondicherry Fisheries Department Staff Co-op. Credit Society Ltd. No. P.218.
4. The Pondicherry P.W.D. Staff Co-op. Society Ltd. No. P.252.
5. The Pondicherry Municipality Employees Co-op. Credit Society Ltd. No. P.447.
6. The Pondicherry Municipality Staff Co-op. Credit Society Ltd. No. P.454.
7. The Pondicherry Electricity Employees Co-op. Credit Society Ltd. No. P.463.
8. The Pondicherry Health Employees Co-op. Credit Society Ltd. No. P.475.
9. The Pondicherry Judicial Staff Co-op. Credit Society Ltd. No. P.502.
10. The Pondicherry Gazetted Officers Co-op. Credit Society Ltd. No. P.525.
11. The Pondicherry Revenue Staff Co-op. Credit Society Ltd. No. P.651.
12. The Pondicherry Govt. Teachers Co-op. Credit Society Ltd. No. P.676.
13. The Pondicherry Group 'C' Staff Co-op. Credit Society Ltd. No. P.691.
14. The Mahatma Gandhi Post Graduate Institute of Dental Science Staff Co-op. Credit Society Ltd. No. P.717.
15. The Pondicherry Customs and Central excise Staff Co-op. Credit Society Ltd. No. P.114.
16. The Yanam Public Servants Co-op. Society Ltd. No. P.55
17. The Mahe Public Servants Co-op. Society Ltd. No.P.246
18. The Karaikal Public Servants Co-op. Credit Society Ltd. No.P.246
19. The Karaikal Municipal Employees Co-op. Credit Society Ltd. No.P.420
20. The Karaikal Ministerial Staff Co-op. Credit Society Ltd. No.P.424.
21. The Karaikal Group 'D' Staff Co-op. Credit Society Ltd. No.P.425.
22. The Karaikal Health Staff Co-op. Credit Society Ltd. No.P.428.
23. The Karaikal P.W.D. Staff Co-op. Credit Society Ltd. No.P.445.
24. The Karaikal Women Development Department Staff Co-op. Credit Society Ltd. No.P.452.
25. The Karaikal Judicial Staff Co-op. Credit Society Ltd. No.P.473.
26. The Karaikal Teachers Co-op. Credit Society Ltd. No.P.479.
27. The Karaikal Agricultural Staff Co-op. Credit Society Ltd. No.P.485.
28. The Karaikal Labour Department Staff Co-op. Credit Society Ltd. No.P.574

G. RANGANATHAN
REGISTRAR OF CO-OPERATIVE SOCIETIES

ANNEXURE – II

Sl. No	Name of the admitting of loan sanctioning society	Name of the society from which “Non-Member Certificate” is required either for admission or sanctioning of loan
1	The Pondicherry Public Servants Co-operative Society	1. Staff Credit society, if any, functioning in the Department/Office in which such applicant is working. 2. The Pondicherry Group “C” Staff Co-op. Credit Society in case the applicant belongs to Group “C” category. 3. The Pondicherry Gazetted Officers Co-op. Credit Society, in case the applicant is a Gazetted Officer.
2	The Pondicherry Gazetted Officers Co-op. Credit Society.	1. The Pondicherry Public Servants Co-op. Society 2. Staff Credit society, if any, functioning in the Department/Office, in which such applicant is working.
3	The Pondicherry Group “C” Staff Co-op. Credit Society.	1. The Pondicherry Public Servants Co-operative Society 2. Staff Credit society, if any, functioning in the Department/Office, in which such applicant is working.
4	The Pondicherry Health Employees Co-op. Credit Society.	1. The Pondicherry Public Servants Co-operative Society. 2. The Mahatama Gandhi Post Graduate Institute of Dental Sciences Staff Co-op. Credit Society. 3. The Pondicherry Group “C” Staff Co-op. Credit Society. In case the applicant belongs to Group “C” category. 4. The Pondicherry Gazetted Officers Co-op. Credit society, in case the applicant is a Gazetted Officer.
5	The Mahatama Gandhi Post Graduate Institute of Dental Science Staff Co-op. Credit Society.	1. The Pondicherry Public Servants Co-operative Society 2. The Pondicherry Health Employees Co-op. credit Society. 3. The Pondicherry Group “C” Staff Co-op. Credit Society in case the applicant belongs to Group “C” category. 4. The Pondicherry Gazetted Officers Co-op. Credit Society, in case the applicant is a Gazetted Officer.
6	Other Societies listed in the Annexure-I	1. The Pondicherry Public Servants Co-operative Society 2. The Pondicherry Group “C” Staff Co-op. Credit Society, in case the applicant belongs to Group “C” category. 3. The Pondicherry Gazetted Officers Co-op. Credit Society, in case the applicant is a Gazetted Officer.

G. RANGANATHAN
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.5/4/1/52/RCS /Plg/H1/2001(PF)/130
Government of Puducherry
Co-operative Department

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Puducherry, the 27.7.2007

CIRCULAR

Sub: Salary earners co-operative credit societies – Issue of loans to members – Streamlining of procedure – Instructions – Issued.

The bye laws of the salary earners co-operative credit societies empower the committee of management to sanction loans to members in accordance with the approved subsidiary regulations. The subsidiary regulations governing the sanction of medium term/short term loan to members invariably contain a clause that while sanctioning loan to members, the committee should ensure that the applicant has the capacity to repay the loan and take home pay after all the deductions is not less than 25% of the gross emoluments. The committee is also empowered to refuse to sanction loan to any applicant or may sanction a lesser amount than the amount applied for, for good and sufficient reasons. Of course, the reason for refusal and sanctioning a lesser amount shall be informed to the member.

2. Instances have been brought to the notice of this Department that in many cases the committee of management does not adhere the procedures and sanction loan indiscriminately, resulting in heavy overdues from members and the interest of the financing bank is also in jeopardy. The following instructions are, therefore, issued in the matter of sanction of loan to members for strict compliance:

- (i) While admitting members and sanctioning loan, the directions issued, vide No. 5/4/1/9/RCS/Plg/H1/2005/314 dated 19th December 2005 should be followed in letter and spirit and the committee shall ensure that the applicant is not a member of similar class of society.
- (ii) The sanction of loan shall be strict and in accordance with the subsidiary regulations and the committee shall ensure that the applicant has sufficient means to repay the loan.
- (iii) Not less than 25% of the gross salary shall be the take-home pay after issue of the present loan.
- (iv) While scrutinizing the application form, the committee shall ensure that the application is duly filled in and no column should be left blank.
- (v) The surety bond should be properly filled in, signed by the borrower and surety and properly witnessed.
- (vi) The salary certificate should be free from corrections; and correction, if any, is noticed, it should be attested by the pay drawing officer with his full signature.

Salary Earners

- (vii) While sanctioning loan for the subsequent occasion, the committee shall ensure that the member has properly repaid his earlier loan and in case the previous loan was not repaid regularly a lesser amount may be sanctioned and in appropriate cases the loan may be refused.
- (viii) The applications and the bonds shall be kept in safe custody till the loans are repaid.
- (ix) The committee shall ensure that demand statement is sent to all members invariably and repayment of loan directly by members is to be discouraged.
- (x) If a member does not repay the loan for the month, a notice is to be issued to him and a copy of the notice shall be marked to his surety.
- (xi) If no amount is forthcoming from the member for a period of two months, a letter is to be issued to the pay drawing officer to effect payment from his salary.
- (xii) Where the member commits default for a period of four months, the committee shall proceed against him legally by filing arbitration claims.
- (xiii) Against all the decreed loans, execution petitions should be filed without delay.
- (xiv) A register is to be maintained in respect of all defaulting members, indicating the date of sanction of loan, date of notice, ARC filed, EP filed etc.
- (xv) Whenever the recovery is not received from any member, the committee shall insist the cashier/pay drawing officer to record the reason of non-recovery.
- (xvi) Recovery teams shall be constituted and the defaulters and the concerned pay drawing officers shall be contacted in person to effect recovery.
- (xvii) If any bogus certificates are noticed, appropriate action may be taken under the law.
- (xviii) In case of transfer of the member, the demand shall be sent to the department concerned.

3. It is reiterated that the committee members shall be personally held liable in cases where loans are sanctioned contrary to the regulations or indiscriminately and action will be initiated against them in accordance with law. Similarly it should be ensured that suitable action is initiated against the defaulting members in accordance with law and within the period of limitation.

4. The contents of this circular shall be read and recorded in the next committee meeting and along with the minutes of the meeting, the receipt of the circular shall be acknowledged.

Dr. S. SUNDARAVADIVELU
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.5/4/1/8/RCS/Plg/H1/96/169
Government of Puducherry
Co-operative Department

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Puducherry, the 23.7.2008

CIRCULAR

Sub: Issue of loans to the members of Pondicherry Public Servants
Co-operative Society – Restrictions – Imposed.

While reviewing the working of the Pondicherry Public Servants Co-operative Society it is seen that the monthly recovery is around 30% and one of the main reasons for such poor recovery is that the members who availed loan from the said society have also availed various types of loans from the Pondicherry Central Co-operative Land Development Bank, Pondicherry Co-operative Urban Bank and primary agricultural co-operative banks/village agricultural co-operative credit societies.

When a member avails loan from various sources, he finds it difficult to repay the loan to all the societies and consequently the societies are unable to recover the dues from him. This position is really alarming in respect of Pondicherry Public Servants Co-operative Society.

To streamline the recovery it is imperative to discipline the loaning operation of the societies. Accordingly it is directed that the Pondicherry State Co-operative Bank, Pondicherry Central Co-operative Land Development Bank, Pondicherry Co-operative Urban Bank and primary agricultural co-operative banks/village agricultural co-operative credit societies shall not issue loan to the members of the Pondicherry Public Servants Co-operative Society when the said member has fallen in arrears in the matter of repayment of loan availed from the society. In other words, a member of the Pondicherry Public Servants Co-operative Society who has availed loan, not repaid regularly and has loan overdue shall not be issued loan by the above said banks/societies. In order to ensure this, the banks/societies shall invariably obtain a certificate from the Pondicherry Public Servants Co-operative Society on the status of membership/loan whenever a Government servant or an employee of the municipality or commune panchayat applies for loan.

However, this restriction will not apply to sanction of loan to such members by the Pondicherry Central Co-operative Land Development Bank on mortgage of land, sanction of crop loan or jewel loan by the Pondicherry State Co-operative Bank or village agricultural co-operative credit societies and jewel loan by Pondicherry Co-operative Urban Bank.

The instructions shall come into force forthwith.

Dr. S. SUNDARAVADIVELU
REGISTRAR OF CO -OPERATIVE SOCIETIES

No.5/4/1/9/RCS /Plg/H1/2005/185
Government of Puducherry
Co-operative Department

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Puducherry, the 7.8.2008

CIRCULAR

Sub: Pondicherry State Co-operative Union and Salary Earners
Co-operative Societies – Conduct of annual general meeting and
completion of audit in time – Guidelines – Issued.

Section 31(2) of the Puducherry Co-operative Societies Act, 1972, enjoins a duty on the committee of management of societies to hold general meeting of the societies once in a year for the purpose of, *inter alia*, to approve the budget for the ensuing year, consideration of audit report, disposal of net profits etc.

But is observed that many a societies do not conduct the general meeting regularly and this stands in the way of the members to ventilate their suggestions for the betterment of the societies and grievances against the working of the societies. The societies are, therefore, advised to hold the general meeting as an annual feature. The societies are requested to inform when the last annual general body meeting was held and the subjects discussed thereat.

Another disquieting feature noticed in the working of the societies is inordinate delay in conduct of final audit of the accounts. This heavy backlog in audit makes the very purpose of audit a mere ritual and formality. Regular audit enables the societies to correct their procedure and mistakes apart from timely detection of frauds and misappropriation. The societies are, therefore, advised to hasten action to update audit and inform the action taken to this office.

The guidelines shall be placed in the next committee meeting and action should be initiated right in earnest.

R. MURALIDHARAN
DEPUTY REGISTRAR (PLANNING)

No.5/4/1/8/RCS/PLG/H1/96/265
Government of Puducherry
Co-operative Department

Puducherry, the 7.11.2008

CIRCULAR

Sub: Deduction from salary – Agreement with Pay Drawing Officer
– Guidelines – Issued.

Clause (a) of sub section (2) of Section 45 of Puducherry Co-operative Societies Act, 1972 enjoins a duty on the employer or officer disbursing salary to make deduction from the salary payable to the members of the staff/employees co-operative credit societies on requisition of the demand from the societies. A time limit of 10 days is also specified to remit dues to the society.

2. On review of the forms used by various salary earners co-operative credit societies for sanction of medium/short term loans, it is seen that no agreement is obtained from the employer or Pay Drawing Officer to undertake to recover the money from the salary of the member concerned. To make the employer/pay drawing officer accountable for such deduction in strict accordance with the legal provisions, the following guidelines are issued:

- a) Apart from getting the pay certificate from the pay drawing officer an agreement should be obtained in the following form:

“I agree to deduct every month from the salary payable to Thiru/Tmt/Selvi_____ such amount as may be specified in the demand statement and in respect of any debt on demand owing by the member/surety of the society from time to time.

I agree to remit the recoveries within a period of five days and also agree to intimate on every occasion when the member becomes subject to a new Pay Disbursing Officer, the change of office, place of employment within a week of the said change.

Pay Disbursing Officer
(Signature with Designation)”

- b) Any correction in the pay certificate shall be attested by the pay drawing officer himself with his full signature.
- c) The societies in their own interest may verify the correctness of the pay certificate by visiting the office in which the member is working.

Salary Earners

- d) An undertaking may be obtained from the member empowering the Director of Accounts and Treasuries, Puducherry to deduct the dues of the society from the gratuity of the member, as provided in the proviso to sub section (1) of Section 45, in the following form:

“I hereby authorize the Director of Accounts & Treasuries, Puducherry, to recover in full loan amount with interest as claimed by the _____ society, from my retirement benefits like DCRG/terminal gratuity/leave encashment/commutation of pension etc., and remit the same to the society. I also undertake to declare that any claim made by my dependants/nominees will not have any overriding effect on this undertaking. Signed by me with full consciousness on this _____ day of _____ in the presence of the witnesses here below mentioned. <table><tr><td>Place:</td><td>Signature of the applicant</td></tr><tr><td>Date:</td><td>Name:</td></tr><tr><td>Witness:</td><td>Designation:</td></tr><tr><td>1.</td><td></td></tr><tr><td>2.</td><td></td></tr></table>		Place:	Signature of the applicant	Date:	Name:	Witness:	Designation:	1.		2.	
Place:	Signature of the applicant										
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3. The societies are advised to revise the loan application forms in the light of the above guidelines and implement the guidelines forthwith.

Dr. S. SUNDARAVADIVELU
REGISTRAR OF CO-OPERATIVE
SOCIETIES