

**Directorate of Cooperation  
Himachal Pradesh**

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

15<sup>th</sup> January, 2014

**CIRCULAR**

**Sub:- Implementation of Kisan Credit Card (KCC) Scheme by Cooperative Banks and PACS.**

The necessity to update and consolidate the guidelines/ instructions on implementation of KCC scheme by Short Term Cooperative Credit Institutions especially PACS in the state, was raised by NABARD in a high level committee meeting held on 30-11-2012 under the chairmanship of Addl. Chief Secretary (Cooperation) to the Govt. of H.P. In the said meeting it was decided to issue a detailed circular updating and consolidating the instructions/guidelines issued by GOI/NABARD & by Department from time to time to facilitate effective implementation of the scheme Short Term Cooperative Credit Structure in the state.

The paucity of information/ knowledge regarding guidelines and instructions issued to implement Kisan Credit Card Scheme at grass root level, has been noticed by NABARD in bank branches and PACS. The need to issue consolidated circular containing revised guidelines/instructions on the scheme has been emphasized by NABARD along with instructions/norms laid by the department/cooperative banks on the matter.

Accordingly the following updating and consolidated instructions/guidelines at **Part-A & Part-B** are hereby issued in pursuance of Rule 152 of the H.P. Cooperative Societies Rules, 1971 to facilitate smooth implementation of the scheme *ibid* :-

**PART-A**

**REVISED SCHEME FOR ISSUE OF KISAN CREDIT CARD (KCC)**

**1. Introduction:-**

The Kisan Credit Card has emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle-free manner. The scheme is under implementation in the entire country by the vast institutional credit frame work involving Commercial Banks, RRBs and Cooperatives and has received wide acceptability amongst bankers and farmers. However, during the last 13 years of implementation, many impediments were encountered by policy makers, implementing banks and the farmers in the implementation of the scheme. Recommendations of various committees appointed by GOI and studies conducted by NABARD also corroborate this fact. It was, therefore, felt necessary to revisit the existing KCC scheme to make it truly simple and hassle free for both the farmer and bankers. Accordingly, the GOI, Ministry of Finance constituted a Working Group to review the KCC scheme. Based on the recommendations of the working Group which were accepted by the GOI, the following guidelines are issued:

**2. Applicability of KCC Scheme**

The Revised KCC Scheme detailed in the ensuing paragraphs is to be implemented by Commercial Banks, RRBs, and Cooperatives. The scheme provides broad guidelines to the banks for operationalising

the KCC scheme. Implementing banks will have the discretion to adopt the same to suit institution/location specific requirements.

### **3. Objectives /Purpose**

Kisan Credit Card Scheme aims at providing adequate and timely credit support from the banking system under a single window to farmers for their cultivation & other needs as indicated below:

- a. To meet the short term credit requirements for cultivation of crops
- b. Post harvest expenses
- c. Produce Marketing loan
- d. Consumption requirements of farmer household
- e. Working capital for maintenance of farm assets and activities allied to agriculture, like dairy animals, inland fishery etc.
- f. Investment credit requirement for agriculture and allied activities like pump sets, sprayers, dairy animals etc.

*Note :The aggregate of components a. to e. above will form the short term credit limit portion and the aggregate of components under f will form the long term credit limit portion.*

### **4. Eligibility**

- i. All farmers- Individuals/Joint borrowers who are owner cultivators
- ii. Tenant Farmers, Oral Lessees & Share Croppers
- iii. SHGs or Joint Liability Groups of Farmers including tenant farmers, share croppers etc.

### **5. Fixation of credit limit /Loan amount**

The credit limit under the **Kisan Credit Card** may be fixed as under:

#### **5.1. All farmers other than marginal farmers:**

**5.1.1 The short term limit to be arrived for first year: For farmers raising single crop in year:** Scale of finance for the crop (as decided by District Level Technical Committee) x Extent of area cultivated+10%of limit towards post-harvest/household/consumption requirements+20% of limit towards repairs and maintenance expenses of farm assets +crop insurance, PAIS& asset insurance.

**5.1.2 Limit for second & subsequent year:** First year limit for crop cultivation purpose arrived at as above plus 10% of the limit towards cost escalation /increase in scale of finance for every successive year(2nd,3rd,4th and 5th year)and estimated Term loan component for the tenure of Kisan Credit Card, i.e., five years. (**Illustration I**)

**5.1.3 For farmers raising more than one crop in a year,** the limit is to be fixed as above depending upon the crops cultivated as per proposed **cropping pattern** for the first year and an additional 10% of

the limit towards cost escalation/increase in scale of finance for successive year (2nd, 3rd, 4th and 5th year). It is assumed that the farmer adopts the same cropping pattern for the remaining four years also. In case the cropping pattern adopted by farmer is changed in the subsequent year, the limit may be reworked. (Illustration I)

**5.1.4. Term loans for investments** towards land development, minor irrigation, purchase of farm equipments and allied agricultural activities. The banks may fix the quantum of credit for term and working capital limit for agriculture and allied activities, etc., based on the unit cost of the asset/s proposed to be acquired by the farmer, the allied activities already being undertaken on the farm, the bank's judgment on repayment capacity vis-a-vis total loan burden developing on the farmer, including existing loan obligations.

**5.1.5 The long term loan limit** is based on the proposed investments during the five year period and the bank's perception on the repaying capacity of the farmer.

**5.1.6 Maximum Permissible Limit:** The short term loan limit arrived for the 5<sup>th</sup> year plus the estimated long term loan requirement will be the **Maximum Permissible Limit (MPL)** and treated as the **Kisan Credit Card Limit**. *However, the banks can keep the term component separate till customised software is procured/developed by the bank.*

#### **5.1.7. Fixation of Sub-limits for other than Marginal Farmers:**

i. Short term loans and term loans are governed by different interest rates. Besides, at present, short term crop loans are covered under Interest Subvention Scheme /Prompt Repayment Incentive scheme. Further, repayment schedule and norms are different for short term and term loans. Hence, in order to have operational and accounting convenience, the card limit is to be bifurcated into separate sub limits for short term cash credit limit cum savings account and term loans.

ii. **Drawing limit** for short term cash credit should be fixed based on the cropping pattern and the amounts for crop production, repairs and maintenance of farm assets and consumption may be allowed to be drawn as per the convenience of the farmer. In case the revision of scale of finance for any year by the district level committee exceeds the notional hike of 10% contemplated while fixing the five year limit, a revised drawable limit may be fixed and the farmer be advised about the same. In case such revisions require the card limit itself to be enhanced (4th or 5th year), the same may be done and the farmer be so advised. For term loans, installments may be allowed to be withdrawn based on the nature of investment and repayment schedule drawn as per the economic life of the proposed investments. It is to be ensured that at any point of time the total liability should be within the drawing limit of the concerned year.

iii Wherever the card limit/liability so arrived warrants additional security, the banks may take suitable collateral as per their policy.

#### **5.2 For Marginal Farmers:**

A flexible limit of Rs. 10000/- to Rs. 50000/- be provided (**as Flexi KCC**) based on the land holding and crops grown including post harvest warehouse storage related credit needs and other farm expenses, consumption needs, etc., plus small term loan investment like purchase of farm equipments, establishing mini dairy/backyard poultry as per assessment of Branch Manager without relating it to the

value of land. The **composite KCC** limit is to be fixed for a period of five years on this basis. Wherever higher limit is required due to change in cropping pattern and/or scale of finance, the limit may be arrived at as per the estimation indicated at para5.1 (**Illustration-II**)

## **6. Disbursement:**

**6.1**The short term component of the KCC limit is in the nature of revolving cash credit facility. There should be no restrictions in number of debits and credits. The drawing limit for the current season/year could be allowed to be drawn using any of the following delivery channels.

- a. Operations through branch
- b. Operations using Cheque facility
- c. Withdrawal through ATM/Debit cards
- d. Operations through Business Correspondents and ultra thin branches
- e. Operation through PoS available in Sugar Mills/Contract farming companies, etc., especially for tie-up advances
- f. Operations through PoS available with input dealers
- g. Mobile based transfer transactions at agricultural input dealers and mandies

**Note:**(e),(f)&(g) to be introduced as early as possible so as to reduce transaction costs of both the bank as well as the farmer

**6.2** The long term loan for investment purposes may be drawn as per installment fixed.

**7.**As the CC limit and the term loan limit are two distinct components of the aggregate card limit bearing different rates of interest and repayment periods , until a composite card could be issued with appropriate software to separately account transactions in either sub limits, two separate electronic cards may be issued.

## **8. Validity/Renewal**

- i. Banks may determine the validity period of KCC and its periodic review.
- ii. The review may result in continuation of the facility, enhancement of the limit or cancellation of the limit/withdrawal of the facility, depending upon increase in cropping area/pattern and performance of the borrower.
- iii. When the bank has granted extension and /or re-schedulement of the period of repayment on account of natural calamities affecting the farmer, the period for reckoning the status of operations as satisfactory or otherwise would get extended together with the extended amount of limit. When the proposed extension is beyond one crop season, the aggregate of debits for which extension is granted is to be transferred to a separate term loan account with stipulation for repayment in installments.

## **9. Rate of Interest (ROI):**

ROI will be linked to Base Rate and is left to the discretion of the Banks, However, if Government supported interest subvention is provided for any component of the limit, the rate of interest may be fixed accordingly.

## **10. Repayment Period:**

**10.1**The repayment period may be fixed by banks as per the anticipated harvesting and marketing period for the crops for which a loan has been granted.

**10.2**The term loan component will be normally repayable within a period of 5 years depending on the type of activity /investment as per the existing guidelines applicable for investment credit.

**10.3**Financing banks at their discretion may provide longer repayment period for term loan depending on the type of investment.

## **11. Margin:**

Margin may be decided by banks

## **12. Security:**

**12.1** Security will be applicable as per RBI guidelines prescribed from time to time.

**12.2** Security requirement may be as under:

- i. Hypothecation of crops upto card limit of Rs. 1.00 lakh as per the extant RBI guidelines.
- ii. With tie-up for recovery: Banks may consider sanctioning loans on hypothecation of crops upto card limit of Rs. 3.00 lakh without insisting on collateral security,.
- iii. Collateral security may be obtained at the discretion of Bank for loan limits above Rs. 1.00 lakh in case of non tie-up and above Rs. 3.00 in case of tie-up advances.
- iv. In States where banks have the facility of on-line creation of charge on land records, the same shall be ensured.

**Note:-** *NABARD has stipulated that no collateral security for loans upto Rs. 1.00 lakh may be insisted. However, in tie-up cases where some processing unit is involved where the off take of the produce is guaranteed at a pre determined price, such collateral free loan can go upto Rs. 3.00 lakh. It will however, be the discretion of the financing bank to take view in this regard.*

## **13. Other features:**

Uniformity to be adopted in respect of following:

- i. Interest Subvention /Incentive for prompt repayment as advised by Government of India and /or State Governments. The bankers will make the farmers aware of this facility.

- ii. Besides the mandatory crop insurance, the KCC holder should have the option to take benefit of Assets Insurance, Personal Accident Insurance Scheme (PAIS), and Health Insurance (wherever product is available) and have premium paid through his KCC account. Necessary premium will have to be paid on the basis of agreed ratio between bank and farmer to the insurance companies from KCC accounts. Farmer beneficiaries should be made aware of the insurance cover available and their consent (except in case of crop insurance, it being mandatory) is to be obtained, at the applicable stage itself.

***Note :- Since crop insurance is an integral part of fixing the scale of finance for the identified crops in the area of operation of the respective banks , same needs to be one of the component of scale of finance . However, the interest subvention available from the GOI will be limited to the crop loan component only and it will exclude the crop insurance component etc. as clarified by the NABARD.***

- iii. One time documentation at the time of first availment and thereafter simple declaration (about crop raised /proposed) by farmer from the second year onwards.
- iv. Processing fee may be decided by banks.
- v. Farmers to be provided with KCC Short Term sub-limit cum SB account so as to allow credit balance in KCC-cum SB accounts to fetch interest at savings bank rate. A separate folio needs to be maintained for the long term sub-limit until both the sub-limits are integrated through electronic card with suitable software.

#### **14. Classification of Account as NPA:**

**14.1.** The extant prudential norms for income recognition, assets- classification and provisioning will continue to apply for loans granted under revised KCC Scheme.

**14.2**Charging of interest is to be done uniformly as is applicable to agriculture advance.

#### **15.Additional items of Coverage**

- 1) In case the farmer applies for loan against the warehouse receipt of his produce, the banks would consider such requests as per established procedure and guidelines. However, when such loans are sanctioned, these should be linked with crop loan account, if any, and the crop loan outstanding in the account could be settled at the stage of disbursal of the pledge loan, if the farmer desires.
- 2) The National Payments Corporation of India (NPCI) will design the card of the KCC to be adopted by all banks with their branding.
- 3) All new KCC must be issued as per the revised guidelines of the KCC scheme. Further, at the time of renewal of existing KCC, farmers must be issued Smart cum Debit Card.

### Illustration I

#### A.Small Farmer raising Multiple Crops in a Year

1. **Assumptions:**

A. Land holding: 2 acres

B. Cropping Pattern: Paddy-1 acre(Scale of finance plus crop insurance per acre: Rs. 11000)  
Sugarcane-1 acre (Scale of finance plus crop insurance per acre: Rs. 22,000)

C. Investment/Allied Activities:

(i) Establishment of 1+1 Dairy Unit in 1st Year(Unit Cost :Rs. 20,000 per animal)

(ii)Replacement of Pump set in 3rd year(Unit Cost : 30,000)

2.(i) Crop loan Component

Cost of cultivation of 1 acre of Paddy and 1 acre of Sugarcane  
(11,000+22,000) :Rs. 33,000

Add: 10% towards post harvest/household expense/consumption :Rs. 3,300

Add: 20% towards farm maintenance :Rs. 6,600

**Total Crop Loan limit for 1st year : Rs 42,900**

**Loan Limit for 2nd year**

Add: 10% of the limit towards cost escalation/increase in scale of finance  
(10% of 42900 i.e. 4300) :Rs. 4,300

**:Rs.47,200**

**Loan Limit for 3rd year**

Add: 10% of the limit towards cost escalation/increase in scale of finance  
(10% of 47,200 i.e., 4,700) :Rs. 4,700

**:Rs.51,900**

**Loan Limit for 4th year**

Add: 10% of the limit towards cost escalation/increase in scale of finance  
(10% of 51,900 i.e 5,200) :Rs. 5,200

**:Rs.57,100**

**Loan Limit for 5th year**

Add: 10% of the limit towards cost escalation/increase in scale of finance  
(10% of 57100 i.e 5700) **:Rs. 5,700**

**:Rs.62,800**

**Say Rs. 63,000....(A)**

**(ii)Term loan component:**

1st Year: Cost of 1+1 Dairy Unit : Rs. 40,000

3rd Year: Replacement of Pumpset: :Rs. 30,000

**Total term loan amount : Rs. 70,000.....(B)**

<b>Maximum Permissible Limit/Kisan Credit Card Limit(A)+(B)</b>	<b>:Rs.1,33,000</b>
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Rs. 1.33 lakh

**Note:**

*Drawing Limit will be reduced every year based on repayment schedule of the term loan(s) availed and withdrawals will be allowed up to the drawing limit.*

## **B: Other Farmer raising Multiple Crops in a year**

### **1. Assumptions:**

2. Land Holding: 10 acres
3. Cropping Pattern:  
Paddy-5 acres (Scale of finance plus crop insurance per acre Rs. 11,000)  
Followed by Groundnut- 5 acres (Scale of finance plus crop insurance per acre Rs. 10,000)  
Sugarcane-5 acres (Scale of finance plus crop insurance per acre Rs. 22,000)
4. Investment/Allied Activities:
  - (i) Establishment of 2+2 Dairy Unit in 1st Year (Unit Cost :Rs. 1,00,000 )
  - (ii) Purchase of Tractor in 1st Year (Unit Cost : Rs.6,00,000)

### **2.**

#### **Assessment of Card Limit**

##### **(i) Crop loan Component**

Cost of cultivation of 5 acres of Paddy, 5 acres of Groundnut and 5 acres of Sugarcane	:Rs. 2,15,000
Add: 10% towards post harvest/household expense/consumption	:Rs. 21,500
Add: 20% towards farm maintenance	:Rs. 43,000
<b>Total Crop Loan limit for 1<sup>st</sup> year :</b>	<b>Rs.2,79,500</b>

##### **Loan Limit for 2<sup>nd</sup> year**

Add: 10% of the limit towards cost escalation/increase in scale of finance (10% of 2,79,500 i.e., 27,950)	:Rs. 27,950
	<b>:Rs.3,07,450</b>

##### **Loan Limit for 3<sup>rd</sup> year**

Add: 10% of the limit towards cost escalation/increase in scale of finance (10% of 3,07,450 i.e., 30,750)	:Rs.30,750
	<b>:Rs.3,38,200</b>

##### **Loan Limit for 4<sup>th</sup> year**

Add: 10% of the limit towards cost escalation/increase in scale of finance (10% of 3,38,200 i.e., 33,800)	:Rs. 33,800
	<b>:Rs.3,72,000</b>

##### **Loan Limit for 5<sup>th</sup> year**

Add: 10% of the limit towards cost escalation/increase in scale of finance (10% of 3,72,000 i.e., 37,200)	:Rs. 37,200
	<b>:Rs.4,09,200</b>

**Say Rs. 4,09,000....(A)**

##### **(ii) Term Limit component:**

1 <sup>st</sup> Year: Cost of 2+2 Dairy Unit	:Rs. 1,00,000
:Purchase of Tractor	:Rs. 6,00,000
<b>Total term loan amount</b>	<b>:Rs. 7,00,000...(B)</b>

<b>Maximum Permissible Limit/Kisan Credit Card Limit(A)+(B)</b>	<b>:Rs.11,09,000</b>
	<b>:Rs. 11.09 lakh</b>

**Note :**

*Drawing Limit will be reduced every year based on repayment schedule of the term loan(s) availed and withdrawals will be allowed up to the drawing limit.*

**Illustration II**

**Assessment of KCC LIMIT**

**1: Marginal Farmer raising Single Crop in a year**

**1. Assumptions:**

1. Land holding: 1 acre
2. Crop grown: Paddy (Scale of finance plus crop insurance per acre: Rs. 11,000)
3. There is no change in Cropping Pattern for 5 years
4. Allied Activities to be financed –One Non Descript Milch Animal(Unit Cost Rs. 15,000)

**2. Assessment of Card Limit**

<b><u>(i)Crop loan Component</u></b> (Cost of cultivation for 1 acre of Paddy)	:Rs.11,000
Add: 10% toward spost harvest/household expense/consumption	:Rs. 1,100
Add: 20% towards farm maintenance	:Rs. 2,200
<b>Total Crop Loan limit for 1st year</b>	<b>:Rs 14,300....A1</b>
<b><u>(ii)Term Loan Component</u></b>	
Cost of One Milch Animal	: Rs.15000.....B
<b><u>1st Year Composite KCC Limit : (A1)+(B)</u></b>	<b><u>:Rs.29,300</u></b>
<b>2nd Year:</b>	
<b>Crop loan component:</b>	
A1 plus 10% of crop loan limit(A1) towards cost escalation/ increase in scale of finance[14,300+(10% of 14300=1430)]	:Rs.15,730.....A2
<b><u>2nd Year Composite KCC Limit: A2+B (15730+15000)</u></b>	<b><u>:Rs.30,730</u></b>
<b>3rd Year:</b>	
<b>Crop loan component:</b>	
A2 plus 10% of crop loan limit(A2) towards cost escalation/ increase in scale of finance [15,730+(10% of 15730=1570)]	:Rs.17,300.....A3
<b><u>3rd Year Composite KCC Limit:A3+B(17,300+15000)</u></b>	<b><u>:Rs.32,300</u></b>
<b>4th Year:</b>	
<b>Crop loan component:</b>	
A3 plus 10% of crop loan limit(A3) towards cost escalation/ increase in scale of finance [17,300+(10% of 17300=1730)]	:Rs.19,030.....A4
<b><u>4th Year Composite KCC Limit:A4+B(19,030+15,000)</u></b>	<b><u>:Rs.34,030</u></b>
<b>5th Year:</b>	
<b>Crop loan component:</b>	
A4 plus 10% of crop loan limit(A4) towards cost escalation/ increase in scale of finance [19,030+(10% of 19,030=1,900)]	:Rs.20,930.....A5
<b><u>5th Year Composite KCC Limit:A5+B(20,930+15,000):</u></b>	<b>Rs.35,930</b>
	<b><u>Say Rs. 36,000</u></b>

**NOTE: All the above costs estimated are illustrative in nature. The recommended scale of finance/unit costs may be taken into account while finalising the credit limit.**

## **Part II-Delivery Channels –Technical features**

### **1.Issue of cards**

The KCC account shall be Savings cum Credit account and the beneficiaries under the scheme will be issued with a Smart card/ Debit card (Biometric smart card compatible for use in the ATMs/Hand held Swipe Machines and capable of storing adequate information on farmers identity, assets, land holdings and credit profile etc.) All KCC holders should be provided with any one or a combination of the following types of cards:

### **2.Type of Card:**

A magnetic stripe card with PIN (Personal Identification Number) with an ISO IIN (International Standards Organization International Identification Number) to enable access to all banks ATMs and micro ATMs

In cases where the Banks would want to utilize the centralized biometric authentication infrastructure of the UIDAI (Aadhaar authentication ), Debit cards with magnetic stripe and PIN with ISO IIN with biometric authentication of UIDAI can be provided.

Debit Cards with magnetic stripe and only biometric authentication can also be provided depending on customer base of the bank. Till such time , UIDAI becomes widespread , if the banks wants to get started without inter- operability using their existing centralized bio metric infrastructure , banks may do so.

Banks may choose to issue EMV (Europay, Master Card and VISA, a global standard for inter-operation of integrated circuit cards) compliant chip cards with magnetic stripe and pin with ISO IIN.

Further, the biometric authentication and smart cards may follow the common open standards prescribed by IDRBT and IBA. This will enable them to transact seamlessly with input dealers as also enable them to have the sales proceeds credited to their accounts when they sell their output at mandies, procurement centres, etc.

All the cooperative banks shall migrate to CBS platform at the earliest so as to implement the technological innovations in KCC as indicated above. Wherever CBS in the bank has not been in place ,a pass book or a credit card cum pass book incorporating the name , address , particular of land holding, borrowing limit , validity period etc. may be issued for the time being which will serve both as an identity card as well as facilitate recording of the transactions on an ongoing basis. The card, among others, would provide for a photograph of the holder.

### **3.Delivery Channels:**

The following delivery channels shall be put in place to start with so that the Kisan Credit Card is used by the farmers to effectively transact their operations in their KCC account.

1. Withdrawal through ATMs / Micro ATM
2. Withdrawal through BCs using smart cards
3. PoS machine through input dealers
4. Mobile Banking with IMPS capabilities / IVR
5. Aadhaar enabled Cards.

### **4.Mobile Banking/ Other channels:**

Provide mobile banking functionality for KCC Cards/Accounts as well along with Interbank Mobile Payment Service (IMPS of NPCI) capability to allow customers to use this inter- operable IMPS for funds transfer between banks and also to do merchant payment transactions as additional capability for purchases of agricultural inputs.

This mobile banking should ideally be on Unstructured Supplementary Data (USSD) platform for wider and safer acceptance, However , the banks can also offer this on other fully encrypted modes (application based on SMS based) to make use of the recent relaxation on transaction limits. Banks can also offer unencrypted mobile banking subject to RBI regulations on transaction limits.

It is necessary that Mobile based transaction platforms enabling transactions in the KCC use easy to use SMS based solution with authentication thru' MPIN such solutions also need to be enabled on IVR in local language to ensure transparency and security. Such mobile based payment systems should be encouraged by all the banks by creating awareness and by doing proper customer education.

A flow chart for such mobile based transaction system for KCC limits is enclosed for ready reference.

With the existing infrastructure available with banks, all KCC holders should be provided with any one or a combination of the following type of cards:

- ✓ Debts cards (magnetic stripe card with PIN) enabling farmers to operate the limit through all banks ATMs/Micro ATMs
- ✓ Debit Cards with magnetic stripe and biometric authentication.
- ✓ Smart cards for doing transactions through PoS machines held by Business Correspondents, input dealers, traders and Mandies.
- ✓ EMV compliant chip cards with magnetic stripe and pin with ISO IIN.

In addition, the banks having a call centre/Inter active Voice Response (IVR), may provide SMS based mobile banking with a call back facility from bank for mobile PIN(MPIN) verification through IVR, thus making a secured SMS based mobile banking facility available to card holders.

## PART-B

### Fixation of MCL(Maximum Credit Limit) and Maximum Borrowing Limit (MBL):

The issue of simplification and expeditious fixation of MCL of members by the society and raising existing ceiling on fixation maximum borrowing limits of a society has been under consideration with the department for quite some time. The recent revised guidelines of GOI/NABARD on Kisan Credit Card (KCC) Scheme to provide cheap credit to farmers and new initiatives of NABARD/Department to diversify existing activities of PACS for their long term sustenance etc. has necessitated the need to issue revised instructions/guidelines on the matter. The suggestions/decisions made in the meeting held on 31-05-2013 on the matter have also stressed for simplification and expeditious fixation of MCL, ensure adequate borrowing capacity with PACS to execute new projects, by raising existing ceiling of MBL and delegation of powers etc. to concerned authorities at PACS and Bank branch level.

In view of the foregoing, it is thought expedient and proper to issue the following instructions/guidelines for smooth and expeditious fixation of MCLs of members of PACS and Maximum Borrowing limit (MBL) of the society in continuation to earlier instructions issued on matter vide circular dated 4-01-2006(enclosed at **Annexure-IV**) by the department :-

#### 1. Fixation of MCL(Maximum Credit Limit)

1.1 In pursuance of the decision taken in the meeting held on 31-5-2013 to delegate powers to the managing committee of a society to fix MCL of its members and in view of relevant provisions of the H.P. Cooperative Societies Rules, 1971, managing committee of a PACS can be entrusted to perform such other duties as may be entrusted by general meeting in pursuance of Rule 50((m) of the Rules *ibid*. Thus duty to fix MCLs of members of a society may be entrusted to managing committee by general meeting of concerned PACS for expeditious and smooth fixation of MCLs at society level. All the ARCS shall take required steps at field level to ensure entrustment of such duties to the managing committees of PACS for smooth credit flow to farmers under KCC scheme. It will also be the duty/responsibility of a managing committee to ratify such MCLs in the subsequent general meeting of the society in accordance with provisions of Act and Rules *ibid*.

1.2 MCLs of each individual member of PACS would be fixed by the managing committee of the society through **a resolution** and would be worked out on the basis of approved scale of finance in keeping with the land holding of the farmers on the basis of relevant land record i.e. Zamabandi etc.

1.3 Separate MCLs shall be fixed **for Short & Term loans** etc. by managing committees or general body, as the case may be, of PACS. Further, the society can fix MCLs of their eligible members ***up to three times each in a crop season*** i.e. Rabi & Kharif to extend KCC facility to the eligible members. The limit so fixed shall be submitted by Secretary of PACS to concerned coop. bank branch for sanction on relevant devised performas enclosed at (**Annexure I, II& III**) within ***a period of 10 days***. The concerned Cooperative bank/branch shall ensure disposal of MCLs approval/sanctions ***within 15 days*** of receipt of proposals from the PACS. The concerned ARCS and Distt. Managers etc. of the Cooperative Banks shall monitor expeditious disposal of MCLs at PACS and Banks level on monthly basis to facilitate effective implementation of KCC scheme.

1.4 Supplementary credit limit statement shall every time be prepared by Secretary of PACS for the new members and for the members not included in the credit limit statement prepared earlier and placed for approval/fixation before the managing committee as per instructions laid in para (1.1)above. The MCL so fixed shall be ratified subsequently in general meeting of the society in accordance with provisions of Rules *ibid*. The supplementary Maximum Credit Limit so fixed shall be submitted to Coop. Banks as per instructions given in para(1.3)above.

1.5 The maximum credit limit of members shall be fixed as per instructions/guidelines laid under **PART-A** of this circular. Individual member of PACS would make an application (**Annexure- A**) or sign the devised performas for MCL for sanctioning a credit limit under KCC scheme. After the limit is approved by the society through a proper resolution the member would execute requisite documents including; (i) demand promissory note(**Annexure C**), (ii) letter of continuity (**Annexure-D**)(iii) cash credit agreement etc.(**Annexure-E**), and submit the same to the society through a as per performa attached at **Annexure-B**. PACS would maintain a MCL register indicating limit for activities of each member.

1.6 To meet the timely credit need of member farmers and to avoid procedural delays etc., the society shall submit the MCLs so fixed by managing committee or general body, as the case may be directly to the concerned branch of HPSCB/DCCBs for sanction on the devised performa referred above. The ARCS concerned shall render required guidance/ assistance to ensure timely fixation of MCLs of eligible members of PACS within their respective jurisdictions.

1.7 The sanctioning authority of the above bank shall after scrutiny of the MCLs as per norms (referred in **PART-A** of the circular ), shall accord sanction within stipulated time period indicated in para(1.3) above to meet credit need of farmers in a time bound manner. In case discrepancies are noticed in MCLs, the same shall be communicated to concerned society *within 3 days* for rectification. The society shall take required action *within 7 days* to rectify defects and resubmit the MCLs to concerned branch for sanction.

1.8 After MCL has been sanctioned by the bank, the managing committee of the society would pass a resolution(**Annexure-F**) (a)authorizing its committee members to execute a pronote /agreement on behalf of the society for full amount of MCLs sanctioned by the bank , and (b) authorizing secretary of the society to send lists of the members to the bank, who have executed pronote in the favour the society.

## **2. Kisan Credit Card –cum-Pass -Book System**

2.1 The KCC revised scheme continue to focus on adequate and timely financial support to the farmers by Cooperative Banks/ PACS for their production needs in a flexible manner. It would cater to credit requirements of farmers for their production and also provide for other ancillary activities. The Apex/DCCBs within their respective jurisdictions in the state, would **issue Kisan Credit Card-cum-Pass-Books** to the existing and new members of PACS who are otherwise eligible for sanctioning crop loan or production credit.

**2.2KisanCredit Card-cum-Pass-Book System** would operate on the cheque books/ withdrawal form/slips and pass books issued to the farmers. The pass books would provide for complete details of farmer including name, address, particular of land holding, borrowing limit, validity period etc. The pass book, among others, would provide for a photograph of the farmer. The pass book would serve as an

identity card for facilitating transactions. The farmers would be required to produce the **Kisan Credit Card-cum-Pass-Book** whenever he operates the account. The withdrawals against credit limit would be made through cheques/withdrawal forms/slips. These would be duly recorded in the pass book.

2.3 The farmer would be allowed to make more than one withdrawals and repay his loan as and when he desires in keeping with recovery schedule. This would provide much needed flexibility to the farmers and reduce their interest burden.

2.4 The bank would obtain following documents from the society after its MCL is sanctioned/approved:-

- i) Demand Promissory note
- ii) Letter of waiver
- iii) Letter of continuity
- iv) Letter of Hypothecation of standing crop.
- v) Charge creation certificate.
- vi) Crop Insurance under RKBY scheme if applicable & personal accident insurance scheme.
- vii) No dues certificate and Acknowledgement of Debt.
- viii) Resolution of Society(**Annexure-F**).
- ix) Certificate of new and non-defaulter member.
- x) Last year's audited Balance sheet, in case past year's balance sheet is un-audited then latest audited balance sheet.

**Note: The Apex Bank/DCCBs would devise the performas for above documents except resolution of society at (viii) at their own level as per requirement.**

2.5 The Secretary would, after making and authenticating necessary entries in the pass books, issue the same to the members. He would also make an entry in the pass book issue register to be maintained at society level.

2.6 Members of PACS would present the pass book to the society for issuing cheque books/withdrawal forms. The Secretary, after verifying the entries in the pass books and checking MCL with bank record, would issue cheque book/withdrawal forms to the member for operations of their account.

2.7 The members would issue cheques/withdrawal forms on the bank and draw cash on behalf of society. The branch manager would after necessary debit entries in the individual loan account (shadow accounts) of the members, make necessary payments. Simultaneously, entries would also be made in the pass books of members.

### **3. Procedure for issuing of cheque books**

3.1 The procedure for issue of cheque books and payment of cheques would be as under:

- i) The concerned cooperative bank /branch would allot an account number to each of the PACS. Likewise, individual members of the society would also be allotted an account number;
- ii) At the time of issue of cheque-book, the account number of the society and the individual member would be indicated on each cheque. To facilitate this work, HPSCB/DCCBs would get it either printed or numbering stamps prepared for affixing account number on the cheques;

- iii) Name stamp of the society would be affixed on each cheque by the bank before issue of cheque-book ;
- iv) Since these cheques are not transferable and the individual member is authorized to draw cash against the cheques, so a word '*Not Transferable*' would be got printed on each cheque;
- v) The cheque for drawing cash would be presented by the member in the bank branch. The bank would pay the cheque after proper identification & verification etc.
- vi) Under no circumstances, cheques would be paid or accepted for payment of cash without production of Kisan Credit Card-cum-Pass-book by individual members;

## 4. Recovery

### 4.1 Recovery of loans under the scheme

- i) Recovery of loans under the scheme would continue as per the existing crop based system of recovery. However, farmers would now have a choice to repay their loan prior to realization to their crops. Normally, members of PACS repay their loans to the society. They would also have liberty to deposit their dues with the concerned Branch of HPSCB/DCCBs. The recovery received by the society would be reported in the form of statement submitted at regular interval by them to the concerned Branch of HPSCB/DCCBs;
- ii) Since members of PACS have an option to deposit their dues with the concerned HPSCB/DCCBs branch, the Branch Manager would ensure that such direct recoveries are received on pre-printed pink '**Pay- in- Slip**' in triplicate, first copy marked as 'Members' Copy'; second copy marked as 'Banks' Copy'. Such recoveries should be credited to both loan account of individual members and the loan account of the society. The Branch Manager would send detail of such recoveries to the societies along with relevant copies of '**Pay- in- Slips**' on regular interval basis. On receipt of statements referred above and '**Pay- in- Slips**' from the bank, the society would make necessary entries in loan accounts of individual members. PACS's copy of '**Pay- in- Slip**' would be the credit voucher for entries in members' personal account with the Society, provided these are duly authenticated by the Branch Manager.
- iii) Likewise, PACS would also receive direct recoveries from their members on pre-printed green '**Pay- in- Slips**' in triplicate , first copy marked as 'Members' Copy', second copy marked as 'Banks' Copy' and third copy marked as 'PACS's Copy'. These slips would be numbered and would indicate the total amount of principal, interest and other charges, if any recovered. Copies of 'Pay- in- Slips' meant for the bank and PACS would be credit vouchers for entries in personal accounts of the members, provided these are duly authenticated by the Secretary;
- iv) PACS would deposit all amount recovered by them directly from members with the concerned branch of HPSCB/DCCBs. They would send statements at regular intervals of recoveries along with PACS's copies of '**Pay- in- Slip**' duly authenticated by the secretaries to the bank. *Under no circumstances, amount collected by PACS from members should be used by the Secretary or any one else for the purposes such as purchase of fertilizers, essential goods,*

***payment of salary or contingency services.*** If a society or its employees does not comply with these instructions, they shall be liable to disciplinary action against them;

- v) In case a society deposits excess amount out of its own resources ,the concerned HPSCB/DCCBs branch would not give credit of such recovery to individual members and reflect that in the loan or saving account of the society as may be required ; and
- vi) The bank would issue statement of accounts both for PACS and individual members to the PACS. The secretary of the PACS would reconcile these statements with accounts maintained by the society by 10<sup>th</sup> of the following month. Discrepancies, if any, detected, should be rectified by 15<sup>th</sup> of the following month with due confirmation by the branch manager .At no time, there should be any difference in members' individual account with the bank and those with PACS .

***Note:- These above operational guidelines under para 2,3, & 4 of PART -B of this circular are made in view of the fact that majority PACS in the state are not computerized and thus unable to operationalise smart KCCs as envisaged by GOI/NABARD. However, banks can either opt issuance of smart KCCs which are operational in bank's ATM/POS machine or follow these guidelines for smooth functioning of KCC scheme through PACS in the State till PACS are not fully computerized.***

## **5. Maintenance of Record and Registers**

PACS would maintain following record and registers in addition to their normal books of accounts to be maintained on the basis of ***Double Entry System of accounting:***

- i) MCL Register
- ii) Land Record Register
- iii) Kisan Credit Card-cum-Pass-Book issue Register
- iv) Cheque book for society
- v) Cheque book return Register
- vi) Pass -Book Issue Register

## **6. Penal Interest:**

Penal interest .if any, shall be charged by lending banks as per terms of the loan agreement between the parties and the instructions of the GOI/NABARD in case of default in repayment within stipulated period of the due installments/loans. Such penal interest not exceeding 2% p.a shall be charged over and above the agreed rate of interest on defaulted amount/installments. It shall be kept separate to avoid compounding of penal interest with that of agreed rate of interest and principal loan amount of due installments etc.

## **7. Membership /Share Linkage:**

- (i) PACS shall cater to the credit need of their farmers by availing the credit facility /refinance from HPSCB/DCCBs under the scheme.

(ii) Society shall be enrolled as “A” class member of the Bank after subscribing at least one share of the bank. The PACS shall also enroll a member after he /she has subscribed to at least one share of the society.

(iii) No share linkages will be applicable either for PACS or for its members for the crop loan raised under KCC as per directions of RCS issued vide circular No. 5-60/91-Coop(C&M)-II dated 14-09-2012. Henceforth the financing under KCC scheme shall be made without insisting on any share linkages by cooperative banks. Similarly the PACS shall also provide loans to their members under the said scheme without any share linkages etc. on the analogy of cooperative banks.

**8. Security Aspect:-**The instructions laid in **PART-A** of the circular on security shall be adhered to in letter and spirits by the banks and the PACS. However, the instructions issued on the matter by department vide circulars No. 5-60/91-Coop(C&M) –II, dated 14-09-2012(enclosed as **Annexure –V**) may also be kept in view wherever required/necessary.

**9. Delegation of Loan Sanction Powers:** In pursuance of the decision taken in the meeting held on 31-05-2013,the Apex Bank/DCCBs shall ensure adequate delegation of powers for sanction of MCLs etc. to their DMs and BMs to facilitate smooth and effective implementation of the scheme.

**10. Refinance/ Interest Subvention:-**

10.1 As per mandate of GOI, the PACS shall provide Agriculture Loans upto 3.00 lakh to their member farmers @ 7% p.a under KCC Scheme by availing refinance from concerned Apex/DCCBs in the State. The Deptt. vide letter No. 5-60/91Coop (C&M)-II, dated 22-09-2012 and **corrigendum** dated 4-4-2013 (**Annexure-VI&VII**) has already issued instructions that the Apex and DCCBs shall provide refinance to PACS under KCC Scheme @ 5.5% p.a. by allowing margin of 1.5% to facilitate further lending by Coop. societies @ 7 % p.a. to their member farmers in the State as per resolve of GOI.

10.2 Every KCC holder will be eligible for interest subvention up to Rs. 3 lakh on timely repayment as per guidelines of GOI/NABARD, even if, KCC limit of a eligible beneficiary member is beyond Rs. 3 lakhs. The default of one or more loanee members of a society shall not bar a regular pay master/non defaulter member(s) of that society to claim interest subvention under the scheme as clarified by the NABARD.

10.3 Interest subvention/incentive for prompt/timely repayment under KCC scheme shall be allowed as specified by the GOI/NABARD or State Govt. from time to time. The Cooperative Banks shall ensure wide publicity of the scheme and its benefits etc. through concerned ARCS and Distt/ Branch Managers to make farmers aware of the cheap credit facility available to them under the scheme. The interest subvention shall be provided as per instructions of GOI/NABARD/State Govt. issued from time to time and in the manner specified by the concerned cooperative banks in tune with the guidelines of GOI/NABARD.

10.4 The Coop Banks and the PACS shall keep complete record of eligible borrowers and repayments made by them under the scheme. The certified claims of eligible borrowers shall be submitted to the concerned financing bank within a period of one month promptly for reimbursement after due date of

loan repayment. The concerned financing Bank after receiving the certified position from PACS shall ensure reimbursement thereof from NABARD and pass on the benefits to the eligible borrowers through concerned PACS expeditiously. The Cooperative Banks shall devise format for submission of claims by PACS to ensure timely disposal of interest subvention to eligible borrowers under the scheme.

10.5 The District Manager and Branch Managers shall affix one copy of this circular on notice board for information purpose and also shall provide one copy of it to the Secretary of PACS, functional/operative in their respective areas for the purpose of cursory knowledge and awareness of provisions and norms for availing benefits of KCC limit and also to ensure transparency of the provisions.

10.6 The cooperative banks shall ensure circulation of any new guidelines or amendments made by the NABARD/GOI/State Govt. etc. in the scheme from time to time to facilitate its awareness amongst farmers/cooperative societies within their jurisdictions and ensure effective implementation of the scheme in future. The copy of such guidelines shall be provided to all ARCS in the field also for dissemination to coop. societies in their circle(s).

10.7 The ARCS and DMs of cooperative banks shall make *bi-monthly* review of the progress made in implementation of the scheme and shall submit progress report along with suggestions etc., to RCS and concerned MDs of the bank to review the same on *quarterly basis* for effective implementation of the scheme.

#### **11. Fixation of MBL (Maximum Borrowing Limit):**

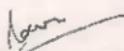
Maximum Borrowing Limit (MBL) of PACS was enhanced by the department vide circular dated 4-01-2006. The said circular has stipulated the maximum borrowing limit of a PACS to 12 times of its owned capital. The cooperatives of late are venturing into diversification of their business activities. The NABARD is also funding such PACS under its PODF scheme. Thus requirement for more borrowings to take up new projects has become imminent with PACS. The demand from PACS to raise existing ceiling for fixation of MBL and to ensure adequate borrowing capacity with these societies to take up diversification projects, mobilize resources through deposits and loans etc., has necessitated enhancement of ceiling referred above.

A decision was also taken in the meeting held on 31-05-2013 to raise/enhance the existing ceiling by suitably amending the circular issued by the department dated 4-01-2006 on the analogy of MBL stipulated by neighboring states like Haryana etc. and MBL already fixed for non-agriculture cooperative societies vide circular dated 31-03-2006. Pursuant to the decision taken in the meeting referred above, clause 1. of the para 5 of the circular No. CS 5-60/91-Coop(C&M) –I, dated 4-01-2006 is amended and replaced as under:-

**1. The PACS shall fix their Maximum Borrowing Limit(MBL) 15 (fifteen) times of the owned capital and shall submit the certificate to this effect to the concerned Assistant Registrar Cooperative Societies within a period of one month of such fixation by incorporating suitable amendments in its bye-laws etc. if not provided earlier.**

**Explanation:-** For the purpose, owned capital will mean total of paid up share capital and accumulative reserve funds and other funds and undistributed profits minus accumulated losses of a Co-operative Society as per its latest audited balance sheet.

These instructions shall come into force with immediate effect for smooth implementation of the scheme through PACS and Cooperative banks in the State. All concerned shall acknowledge and ensure compliance of these instructions within their respective jurisdictions. It should be the endeavor of the cooperative banks and PACS that the scheme is implemented in close coordination with each other. The requirements in terms of issuing Kisan Credit Card cum Pass-Books and documents noted above are completed without causing any undue difficulty to farmers/borrowers of PACS. MCLs of members of PACS shall be determined in pursuance of the scale of finance fixed by the competent authorities and land holdings etc. as prescribed from time to time. The circular shall be widely circulated to field functionaries of the department and Banks for effective implementation of KCC Scheme.

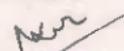
  
(R.D. Nazam) IAS  
Registrar Cooperative Societies  
Himachal Pradesh  
Ph. No. 0177-2620970

Endst. No. As above

15<sup>th</sup> January, 2014

Copy to:-

1. The Additional Chief Secretary (Coop) to the Govt. of H.P for information.
2. The Chief General Manager NABARD RO H.P. Block No. 32 SDA Complex Kasumpti Shimla-9 for information and n/a.
3. The Additional Registrar Cooperative Societies Dharmshala Dist. Kangra H.P. for information and n/a.
4. The Managing Director HPSCB Ltd; Mall Shimla/KCCB Ltd; D/Shala/JCCB Ltd; Solan for n/a.
5. All the Branch officer of this Directorate for information and n/a.
6. The Deputy Registrars Cooperative Societies Eastern Division Shimla /Western Division D/Shala/Central Division Mandi H.P. for information and n/a.
7. All the Assistant Registrars Cooperative Societies in H.P. for n/a and to circulate these instructions/guidelines to all PACS functioning in their respective circle(s). for strict compliance.
8. The Secretary HIMCOFED Shimla-4 for publication in Sehkar Darpan.
9. Guard File/Dept. Website.

  
(R.D. Nazam) IAS  
Registrar Cooperative Societies  
Himachal Pradesh  
Ph. No. 0177-2620970

## Annexure-A

### किसान क्रेडिट कार्ड कम पास बुक स्कीम के अन्तर्गत कौ॥ क्रेडिट ऋण लेने हेतु प्रार्थना पत्र

- |                          |
|--------------------------|
| पासपोर्ट<br>साईज<br>फोटो |
|--------------------------|
1. आवेदक का नाम:.....  
(राशन कार्ड/आधार कार्ड/पहचान पत्र की प्रति संलग्न की जाये)
  2. पिता का नाम:.....
  3. स्थाई पता: ग्राम .....डा0.....तहसील.....जिला.....
  4. आयु(वर्षों में).....  
क्या आवेदनकर्ता अनुसूचित जाति/कबिला/पिछड़ी श्रेणी से सम्बन्ध रखता है: हां या न
  5. आवेदनकर्ता द्वारा वांछित केश क्रेडिट लिमिट की राशि: मु0.....रु0
  6. सभी स्रोतों से आवेदन कर्ता की वार्षिक आय: मु0.....रु0
  7. आवेदनकर्ता के पास कुल जमीन का विवरण:(एकड़ों में)  
(फर्द जमाबन्दी संलग्न की जाये)  
गांव का नाम.....सिंचित.....असिंचित.....कुल.....
  8. आवेदनकर्ता किस प्राथमिक कृषि सेवा सहकारी सभा का सदस्य है ?  
सभा का नाम.....खाता न0.....बैंक खाता न0.....
  9. क्या आवेदनकर्ता द्वारा किसी अन्य सहकारी सभा/बैंक से ऋण/लिमिट प्राप्त की है या नहीं ? यदि हां तो सहकारी सभा/बैंक का नाम, प्राप्त की गई ऋण/लिमिट की राशि तथा लेन-देन का विवरण संलग्न किया जाये ।  
1. तिथि.....  
2. स्थान.....

आवेदक के हस्ताक्षर/अंगुठा

प्रमाणित किया जाता है कि आवेदक द्वारा दिया गया उपरोक्त विवरण सही व दुरुस्त है तथा कोई भी जानकारी नहीं छुपाई गई है ।

आवेदक के हस्ताक्षर/अंगुठा

### सहकारी सभा की रिपोर्ट

यह रिपोर्ट की जाती है कि श्री.....पुत्र श्री.....गांव..... तहसील जिला शिमला.....ने किसानों को प्रदान की जाने वाली केश क्रेडिट लिमिट मंजूर करने के लिए प्रार्थना पत्र प्रस्तुत किया है । फर्द जमा बन्दी साथ संलग्न है । आवेदनकर्ता प्राथमिक कृषि सेवा सहकारी सभा का सदस्य है । मैंने आवेदनकर्ता द्वारा प्रस्तुत की गई सूचना की व्यक्तिगत रूप से जांच पड़ताल कर ली है जो कि सही/सही नहीं है ।

सिफारिश की जाती है कि आवेदनकर्ता को किसान क्रेडिट कार्ड कम पास बुक स्कीम के अन्तर्गत मु0.....रु0 (राशि अंकों में).....(राशि शब्दों में) की केश क्रेडिट लिमिट वर्ष \_\_\_\_\_ के लिए मंजूर की जाती है ।

तिथि

शाखा प्रबन्धक

शाखा..... (शाखा की मोहर)

सचिव  
नाम सहकारी सभा  
(मोहर सहित)

**Annexure-B**

To

The President ,

The \_\_\_\_\_ Coop. Agri. Service Society Ltd.,

Tehsil \_\_\_\_\_, Distt. \_\_\_\_\_.

A credit limit of Rs. \_\_\_\_\_ (in figures)( Rupees \_\_\_\_\_

\_\_\_\_\_ ) (in words)has been sanctioned to me by the society under Kisan Credit Card-cum-Pass Book Scheme). It is requested that I may be permitted to effect withdrawal to the extent of the aforesaid sanctioned credit limit. I hereby promise to execute the pronote with society upto the sum mentioned above. All the terms and conditions regarding aforesaid limit /loan would be acceptable and binding upon me.

Yours faithfully,

(Signature/Thumb impression )

Name \_\_\_\_\_ S/o \_\_\_\_\_

Khata No. \_\_\_\_\_

Sanctioned Limit/Loan of Rs. \_\_\_\_\_ for Kharif/Rabi.

President

Vice President

Cashier

Committee Member

Committee Member

Secretary

The \_\_\_\_\_ Coop. Agriculture Service Society Ltd.

DEMAND PROMISSORY NOTE

Pronote No. \_\_\_\_\_

On Demand, I \_\_\_\_\_ S/o/W/o/D/o Sh. \_\_\_\_\_ Khata No.

\_\_\_\_\_ Member of the \_\_\_\_\_ Coop. Agriculture Service Society Ltd.,  
promise to pay a sum to the extent of Rs. \_\_\_\_\_ along with interest at the rate of  
\_\_\_\_\_ % p. a as agreed upon.

I also undertake to pay penal interest at the rate of \_\_\_\_\_ % p.a. in case of default.

I further undertake that any change in the rate of interest including the change in penal interest by society  
would be acceptable and binding upon me

Dated \_\_\_\_\_

Signature of Borrower

Address:

Vill. \_\_\_\_\_

P.O. \_\_\_\_\_

Tehsil \_\_\_\_\_

Distt. \_\_\_\_\_

In consideration to the above Demand Promissory Note, we agree to stand guarantee for the repayment  
of the sum referred to in the above Demand Promissory Note along with interest/penal interest.

1. Name & Address of Guarantor \_\_\_\_\_

Signature

Date

2. Name & Address Guarantor \_\_\_\_\_

Signature

Date

LETTER OF CONTINUITY

Whereas on \_\_\_\_\_, 2013, The \_\_\_\_\_ Coop. Agriculture Service Society Ltd.' has agreed to open in my favour a cash Credit account under Kisan Credit Card –cum- Passbook Scheme for Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) on such terms and conditions as have been separately agreed to between me and society and in consideration of the said advance being made, I having duly signed and delivered to the society, a Demand Promissory Note for the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) I hereby agree and undertake that the said Demand Promissory Note continuing security and to be enforceable for all moneys which now are or which may at any time hereafter become due and owing by me to the society on said account and on any other account and whether or not from time to time thereby nothing owing on the Cash Credit account or on such other accounts or the same respectively be at credit.

Place \_\_\_\_\_

Date \_\_\_\_\_

Signature of Borrowers

Name \_\_\_\_\_

S/o \_\_\_\_\_

Khata No. \_\_\_\_\_

Address \_\_\_\_\_

Witness/Guarantors

1. Name & Address \_\_\_\_\_

Signature      Date

2. Name & Address \_\_\_\_\_

Signature      Date

## Annexure-E

### CASH CREDIT AGREEMENT

In Consideration of the \_\_\_\_\_ Coop. Agri. Service Society Ltd, \_\_\_\_\_ hereinafter called “the Society” having at the request of Sh/Smt \_\_\_\_\_ S/o/D/o/W/o \_\_\_\_\_ Sh./Smt \_\_\_\_\_ r/o Village \_\_\_\_\_, Tehsil \_\_\_\_\_ Distt \_\_\_\_\_ hereinafter called ‘the Borrower’ agreed to open /opened in the books of the society at \_\_\_\_\_ Cash credit account under Kisan Credit Card-cum Passbook Scheme to the extent of Rs. \_\_\_\_\_ secured by demand promissory note , letter of continuity on the following agreed and acceptable terms and conditions between the society and the borrower.

1. That the cash credit limit under Kisan Credit Card-cum –Passbook Scheme shall be fixed for \_\_\_\_\_ years. The drawable limit shall be fixed every year after annual review on 31<sup>st</sup> March and the limit may be enhanced /reduced on the basis of previous year’s performance within the overall limit.
2. The borrower undertakes to repay the whole limit alongwith up-to -date interest before availing credit for the next crop.
3. That on demand being made by the society on earlier date the borrower undertake to pay the society, the balance outstanding and owing to the society on the said account inclusive of interest to the date of payment.
4. That the society shall not under this agreement be required to make advances exceeding the sum of Rs. \_\_\_\_\_ inclusive of interest and other charges at any time.
5. That the interest at the rate of \_\_\_\_\_ percent per annum shall be calculated on the daily balance in the said cash credit account until the same is fully liquidated. Interest shall be charged to the account half yearly on the last working day of March and September each year and it will form part of the principal and will earn interest at the above rate . The interest rate, however, shall be subject to such revisions as may be made by the bank from time to time.

6. The borrower undertake that in case of default of any amount, to pay penal interest @ \_\_\_\_\_% or as may be fixed by the bank from time to time over and above the normal rate of interest on the amount of default.
7. That the borrower has delivered to the Society a demand promissory note dated \_\_\_\_\_ for Rs. \_\_\_\_\_ duly executed and signed by him to secure payment of the sum which may at any time become due to the society under this account and this demand promissory note will be a continuing security for the cash credit account notwithstanding that it may in the meantime or any time for from time to time be brought to the credit until notice in writing to close the same is given by the Society to the borrower.
8. That the society shall always be at liberty to stop making advances at any time without assigning any reasons, even though the said limit of Rs. \_\_\_\_\_ has not been fully availed of.
9. That the borrower shall not be entitled to any interest on any sum which may at any time stand to his credit in this account.
10. In case of any dispute arising out of this agreement or in relation to any other document or the repayment of any amount under this cash credit account, the same shall be decided by arbitration as provided in the Himachal Pradesh Cooperative Societies Act,1968 and Himachal Pradesh Cooperative Societies Rules,1971 and bye-laws of the society as amended from to time and society shall be at liberty to sue the borrowers at \_\_\_\_\_ or any place in Himachal Pradesh State.
11. In case the borrower fails to repay the loan on demand or as per terms of agreement, the same shall be recovered under the provisions of the Himachal Pradesh Cooperative Societies Act,1968 and Rules and bye laws of the society. The cost of such litigation shall be borne by the borrower and the same shall be debited to his cash credit account.
12. The Aggregate credits to the accounts during the past twelve months should at least be equal to the maximum outstanding in the amount.
13. That the society /bank branch shall have the right to set off any credit in the name of the borrower in any account with the society/bank or its any branch against the debit balance of the cash credit without any notice to the borrower.

14. In consideration of the society as agreed to grant loan under Kisan Credit Card-cum Passbook Scheme to Sh/Smt\_\_\_\_\_

We the undersigned

(i) Name& address of the first Surety

(ii) Name& address of the second Surety

In my /our individual and personal capacity hereby agree to stand guarantee for the payment of such loan to the satisfaction of the society on demand in writing by the society to the extent of money mentioned in the cash credit agreement . We further agree that our guarantee shall be considered continuing security to the society. To give effect to this guarantee, the society may act as though we were the principle debtors and shall be binding on us, our heirs, executors, administrators, estate and effect.

Place \_\_\_\_\_

Signature of Borrowers

Date\_\_\_\_\_

Name \_\_\_\_\_

S/o\_\_\_\_\_

Khata No.\_\_\_\_\_

Address\_\_\_\_\_

Witness/Guarantors

1. Name & Address\_\_\_\_\_

Signature

Date

2. Name & Address\_\_\_\_\_

Signature

For and on behalf of

The \_\_\_\_\_ Coop. Agri. Service Society Ltd.’ \_\_\_\_\_

Secretary\_\_\_\_\_

\_\_\_\_\_

Society\_\_\_\_\_

## Annexure-F

Copy of resolution No. \_\_\_\_\_ passed by the Managing Committee of The \_\_\_\_\_ Cooperative Society Ltd., in its meeting held on \_\_\_\_\_ under the Chairmanship of Shri \_\_\_\_\_.

Resolved that the \_\_\_\_\_ Coop. Bank/ Central Coop. Bank Ltd., \_\_\_\_\_ has sanctioned Cash Credit limit under Kisan Credit Card-cum-Passbook Scheme for our society as under:-

MCL for Crop \_\_\_\_\_

MCL for ancillary

activities \_\_\_\_\_

Rs.....

Total Rs.....

Further resolved that a demand promissory note for the amount of Cash Credit Limit sanctioned be executed in favour of the \_\_\_\_\_ Coop. Bank/ Central Coop. Bank Ltd., \_\_\_\_\_ Sh. \_\_\_\_\_ President, Sh. \_\_\_\_\_ & Sh. \_\_\_\_\_ Committee members are hereby authorized to sign, and execute Demand Promissory Pronote, letter of continuity, cash credit agreement and other documents that may be required by the bank on behalf of the society from time to time for the operation of this Cash Credit Limit.

Further resolve that the loan drawn against the above pronote from time to time to, shall be paid by the Society by 31<sup>st</sup> January, in respect of loans drawn during Kharif crop from 1<sup>st</sup> March to 30<sup>th</sup> September immediately preceding this date and by 30<sup>th</sup> June in respect of loan drawn during Rabi crop from 1<sup>st</sup> October to 28<sup>th</sup> February immediately preceding this date. The rate of interest on such loan will be \_\_\_\_\_% p.a. which shall be payable in half yearly installments on 30<sup>th</sup> June and 31<sup>st</sup> December each year.

Further resolved that in case the society defaults in the payment of principal amount of loan the shall pay penal interest @ \_\_\_\_\_% p.a above the normal rate. It is also resolved that any revisions in the rate of interest made by the bank shall be acceptable and binding on the society.

Further resolved that the society hereby authorize Sh \_\_\_\_\_ Manager/Secretary of the Society to send the list of eligible members who have executed the Pronote in favour of society

along with MCL to the \_\_\_\_\_Coop. Bank/ Central Coop. Bank branch at\_\_\_\_\_. Further resolved that the eligible members are authorized to withdraw the amount up to their sanctioned maximum Cash Credit limit on behalf of the society from the bank against the Demand Promissory Pronote executed buy the society in favour of the Bank.

Further resolved that the society shall be responsible for he repayment of the lion amount drawn by the member against aforesaid authority.

Sd/-

Sd/-

Sd/-

Sd/-

President

Vice President

Committee member

Committee member

Certified that it is true copy of the original resolutions and the proceedings book containing the original resolution is in the custody of the society.

Manager/Secretary,

The \_\_\_\_\_Cooperative Agricultural Service Society Ltd.,\_\_\_\_\_

Name of Society \_\_\_\_\_

Name of Bank \_\_\_\_\_

Branch Office \_\_\_\_\_

Date \_\_\_\_\_

**Assessment Chart for Maximum Permissible Limit/Kisan Credit Card limit for Short Term (S.T) loan of the members of Society.**

The maximum permissible limit assessed under Kisan Credit Card Scheme, of \_\_\_\_\_ Society, consisting \_\_\_\_\_ farmer beneficiaries/members covered under the MCL of society.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Sr. No.	Name & address of farmers	Land holding cultivable (in acres)	Khata Khatoni /Khasra No.	Name of crop	Scale of Finance	Crop insurance (actual premium for identified crops in identified areas)	Post harvest /House hold expenses 10% of col. (6+7)x col.3	Farm maintenance 20% of col. (6+7)x col.3	Crop Loan limit / Drawing limit for 1 <sup>st</sup> year col. (6+7)x col.3 +col.8 + col.9	Crop Loan limit / Drawing limit for 2nd year (110% of column No.10)	Crop Loan limit / Drawing limit for 3 <sup>rd</sup> year (110% of column No.11)	Crop Loan limit / Drawing limit for 4 <sup>th</sup> year (110% of column No.12)	Crop Loan limit / Drawing limit for 5 <sup>th</sup> year (110% of column No.13)	Maximum permissible limit (Amt. worked out under Column No.14)	Signature of borrower/ Application reference
1					Rabi/ Kharif										
2															

Signature of Secy. Coop. Society

Signature of Branch Manager

## Annexure-II

Name of Society \_\_\_\_\_

Name of Bank \_\_\_\_\_

Branch Office \_\_\_\_\_

Date-----/-----/-----

**Assessment Chart for Maximum Permissible Limit/Kisan Credit Card limit for Investment loans (MT/LT) of the members of the Society**

The maximum permissible limit, under Kisan Credit Card Scheme, of \_\_\_\_\_ Society, consisting \_\_\_\_\_ farmer beneficiaries/members covered under the MCI society.

1	2	3	4	5	6	7	8
Sr. No.	Name & address of farmers	Land holding	Khata Khatoni/Khasra No.	Name of Unit/allied activities proposed by farmer	Unit Cost of proposed assets /cost of proposed allied activity	Permissible limit as proposed in col 6 or the banks perception on the repaying capacity of the farmer.	Signature of borrower/application reference.
1							
2							
Total							

Signature of Secy. Coop. Society

Signature of Branch Manager

**Assessment Chart for Composite Kisan Credit Card limit for Short Term(ST) +Investment loans (MT/LT) of the members of the Society**

The Composite Maximum Kisan Credit Card Limit of .....-Society, consisting .....farmer beneficiaries/members covered under the MCL of the society.

Sr. No.	Name & address of farmers	Land holding	Khata Khatori/Khata No.	MCL under KCC for ST Loan. (Amt. indicated in col.15 of annexure-1)	MCL under KCC for MT/LT loan (amount indicated in col. 7 of annexure-II)	Composite MPL/MCL under KCC col. (5 + 6)	Signature of borrower/application reference.
				5	6	7	8
1	2	3	4				
1							
2							

Signature of Secy. Coop. Society

Signature of Branch Manager

(42)

DIRECTORATE OF COOPERATION  
HIMACHAL PRADESH.

No. CS-5-60/91-Coop.(C&amp;M)-I

Dated Shimla-9, the 4<sup>th</sup> ~~December~~<sup>January</sup>, 2006.'CIRCULAR'

The issue of regulating the functioning of Primary Agriculture Cooperative Societies (PACS) in the State of HP in accordance with the provisions of H.P. Cooperative Societies Act, 1968 and Rules made thereunder and the instructions of RBI issued in this regard from time to time in view of the changing socio-economic conditions in a liberalized economic scenario prevalent today has been attracting attention of the department for quite some time. It is evident that the PACS are engaged in multifarious activities and rendering various services to the people in its area of operation to cater to their credit and other needs.

The department has been issuing instructions and guidelines for smooth conduct of business operations of the cooperatives from time to time to ensure that their affairs are run in accordance with the 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.

In view of the foregoing, it is thought expedient and proper to reiterate and elaborate the instructions issued from time to time on the matter in pursuance of Rule 152 of H.P. Co-operative Societies Rules, 1971 for effective and smooth conduct of their business operations in the following manner:-

Credit Operations:-

H.P. Cooperative Societies Act, 1968 under section 59 read with rule 78 of H.P. Cooperative Societies Rules, 1971 provides restriction on borrowing of a cooperative society. The rule 78 of H.P. Cooperative Societies Rules, 1971 provides for borrowing in the shape of loans and deposits from non-members together with the amount borrowed and deposits received from members, subject to conditions that it does not exceed the limit fixed from time to time by the Registrar for the class of societies to which it belongs.

The above rule clearly provides for fixation of Maximum Borrowing Limit of the cooperative society and the department has also issued instructions vide Circular No. Coop.5-334/58, dated 29-01-1960 regarding standards for fixation of Maximum Borrowing Limit (MBL) of PACS and individual members of Agriculture Credit Societies and Multipurpose service societies with limited liabilities. The Maximum Borrowing Limit of PACS has been fixed 8 times of the owned capital minus accumulated losses. For this purpose, owned capital will mean paid up share capital plus reserve funds. But it has been observed that the cooperative societies specifically the PACS are invariably not adhering to these instructions referred above and are violating the norms and rules by accepting deposits from non-members beyond the limit fixed for the purpose. The RBI has also observed that PACS can't

accept deposits from non-members as that amounts to violations of the Banking Regulation Act, 1949 which prohibits any banking business without approval of the RBI/license. In view of the position explained above, the PACS shall henceforth observe the following instructions to regulate their credit business operations as per Act, Rules and RBI instructions and provisions of the Banking Regulation Act, 1949:-

1. The PACS shall fix their maximum borrowing limit (MBL) 12 times of the owned capital and shall submit the certificate to this effect to concerned Assistant Registrar Cooperative Societies within a period of one month of such fixation by incorporating suitable amendments in its bye-laws etc. if not provided earlier.

Explanation:- For the purpose, owned capital will mean total paid up share capital and accumulated reserve funds and other funds and undistributed profits minus accumulated losses as per latest audited balance sheet of the society.

The PACS shall regulate their deposit and loaning business as per provisions of H.P. Cooperative Societies Act, 1968 and Rules made thereunder and instructions issued from time to time in this behalf and shall deal with members only to avoid violations of B.R. Act, 1949. However, PACS may enroll their borrowers/depositors as member/nominal member as per provisions of Section 17 and 18 of H.P. Cooperative Societies Act, 1968 to carry-out their business operations in accordance with the provisions of the Act *ibid.* and to avoid violations of other related laws like B.R. Act, 1949 etc.

The PACS shall frame regulations for loan making policy as per provisions of the section 58 of the Act *ibid.* which shall broadly include provisions for advancement of Short Term credit and Medium Term credit to its members only on the basis of prescribed security and resources available for such advancements. These regulations shall include amongst others:-

- (a) Member should not be a defaulter of the society.
  - (b) 1:10 share linkage with total borrowing from the society.
  - (c) Borrower should execute the loan bond in favour of the society.
  - (d) Borrower should execute the loan agreement with society specifying the terms of loans, interest rates and repayment schedule and penal clause on account of default etc.
  - (e) Two personal sureties to be furnished of members of the society.
4. The loan beyond the limit fixed for crop loans by Registrar, Cooperative Societies H.P. vide order No. 5-60/91-Coop. (C&M) dated 17-5-2002 shall be advanced against adequate tangible security mortgaged in favour of the society as security of the loan.
  5. Ordinarily, a medium term loan is not to be advanced to a person who has already availed such type of loan and outstanding against him from any other

society or cooperative bank or the Land Development Bank or Commercial Bank etc.

6. The Secretary and the Managing Committee of the society shall be responsible for the prudent loaning and recoveries thereof as per terms of loan agreements within specified period of the loan to reduce over-dues and restrain from unsecured loaning in the larger interest of the society.
7. The maximum credit to a member shall be restricted to the MCL of the member fixed as per norms approved by competent authority and thereof by society / bank and the resources available with the society to meet the credit demand of its members.
8. The society shall restrict its loaning to members' upto 70% of its own funds available for investments and shall maintain adequate liquidity for discharge of depositors' liability on maturity/demand.
9. The borrower who is an employee of the Government, Public Undertaking, Cooperative Bank etc. shall furnish undertaking under section 46 of H.P. Cooperative Societies Act, 1968 in addition to other usual securities from his DDO to ensure repayments of loan from his salary in monthly installments.
10. The charge created under sub-section(1) of section 52 of the H.P. Cooperative Societies Act, 1968 shall be available as against any claim of the Government arising from a loan granted under the Land Improvement Loans Act, 1883(19 of 1883), or the Agriculturists' Loan Act, 1884(12 of 1884), after the grant of loan by the society.
11. The loan advanced by the society to its employees and their near relation shall not be more than 2% of the lendable resources available with the society at any point of time.
12. Similarly the loan advanced by the society to its BODs and their near relation shall not be more than 3% of the lendable resource available with the society at any point of time.

For the purpose of S.No.11 & 12 above, lendable resources will mean owned capital, members' & non-members' deposits and borrowings from the financing bank. The above conditions of security shall apply to the loans issued to BODs & employees of the society

13. No concessional loan of any type shall be made by the society to its employees and members of BODs

Investment of surplus funds.

Section 53 of H.P. Cooperative Societies Act, 1968 provides for investment of funds by a registered cooperative society in the following manner:-

- (a) in the post office saving bank; or
- (b) in any of the securities specified in section 20 of the Indian Trust Act, 1882(2 of 1882); or

- (c) in the shares or the securities of any other registered society; or
- (d) with any bank or person carrying on the business of banking approved for this purpose by the Registrar; or
- (e) in any other mode permitted by the rules.

The Registrar Cooperative Societies, H.P. vide letter No.CS-4-57/57, dated 2-07-1959 has however, restricted the investment of reserve funds of a Primary Society with the Central Cooperative Banks to which they are affiliated. The Rule 68 of H.P.Cooperative Societies Rules,1971 provides for investment of funds in addition to the manner specified in section 53 of the *ibid.* Act as under:-

- (a) with the State Bank of India; or
- (b) in the shares of the Reserve Bank of India; or
- (c) in any other manner permitted by the Registrar.

The PACS in view of their growing credit business and availability of surplus funds coupled with limited scope for deployment of their deposits with cooperative banks as per instructions referred above have been pressing hard to allow them freedom to deploy their surplus funds/deposits elsewhere also as per provisions of the Act *ibid.*

Considering the demand of the PACS and the limited avenues available with the PACS to invest their surplus funds/deposits, the PACS are allowed to deploy their surplus funds/deposits in the manner specified in section 53 of the *ibid.* Act i.e.(i) with Apex/Distt Central Cooperative Banks, (ii) Scheduled Banks, (iii) in Govt. Securities duly granted by the State Govt., (iv) in the shares or the securities of any other registered society and (v) in the shares of RBI or (vi) in any other manner permitted by the Registrar, Cooperative Societies H.P.

All the investments whether they are made as fixed deposits or as Govt. securities shall be duly reported to the concerned Assistant Registrar Cooperative Societies on quarterly basis by the PACS and the concerned Inspector/Auditor during the course of inspection/audit, as the case may be, shall verify such investments on the basis of the documents/instruments required to be maintained by the society as proof of these investments. The Auditor / Inspector shall immediately report any discrepancy detected to the Assistant Registrar Cooperative Societies for appropriate action.

The Managing Committee of a PACS shall be a competent authority to invest its funds in the manner prescribed above and shall be responsible for prudent and productive investment of the funds of the society. The society may frame its own investment policy within the framework of H.P. Cooperative Societies Act,1968 and Rules made thereunder and get it approved from the concerned Assistant Registrar, Cooperative Societies.

*Registration*  
Registrar Cooperative Societies,  
Nimachal Pradesh.

Endst.No.5-60/91-Coop.(C&M)-I Dated Shimla-9, the 4<sup>th</sup> <sup>January</sup> ~~December~~, 2006.  
Copy to:-

1. The Principal Secretary (Coop.) to the Govt. of H.P. Shimla-2 for information.
2. The Additional Registrar Cooperative Societies, Dharamshala/ Shimla for information and necessary action.
3. All the Deputy Registrar Cooperative Societies in H.P
4. All the Assistant Registrar Cooperative Societies in H.P. for strict compliance of these guidelines and to circulate these directions to all PACS functioning in their respective circle.
5. Himcofed for publishing in the Sekhar Darpan for wide publicity.
6. All the branch officers in this directorate for information and necessary action
7. Guard File.

*Neelam*

Registrar Cooperative Societies,  
Himachal Pradesh.

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Ameynor V

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 w/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 :-

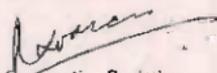
1. Investment loans above Rs. 1.00 Lakh for direct agriculture & allied activities as clarified below shall be sanctioned to the members of a society after executing the mortgage deed of land and immovable property in favour of society as security of loan. On the other hands loans upto Rs. 1.00 Lakh 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.

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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.

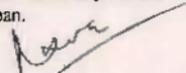
All the PACS shall incorporate above provisions in their bye laws or loan policies as the case may be, and shall be strictly adhered to.

  
Registrar Cooperative Societies  
Himachal Pradesh

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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

No.5-60/91-Coop(C&M)-II  
 Directorate of Cooperation  
 Himachal Pradesh

No.

1. The Managing Director  
the Kangra Central Cooperative Bank Ltd Dharamshala.
2. The Managing Director  
the Jongindra Central Cooperative Bank Ltd Soian.

Dated Shimla-9 the

22 September, 2012

Subject:-

Recommendation of the Sub group constituted by the Registrar in the meeting held on 19-01-2012 for recommending on the Issues relating to the higher rate of interest being charged by the PACS and share linkage etc.

Memo,

On the subject cited above, it is brought to your notice that a sub-group was constituted by the Registrar in a meeting held on 19-01-2012 to resolve the Issue of PACS regarding higher rate of Interest being charged by them from the members of the society and share linkage etc. by the Cooperative Banks.

The meeting of the sub group recently held on 12-09-2012 in the Chairmanship of the Joint Registrar (Credit) Cooperative Societies H.P. has made the following recommendations to streamline the implementation of scheme to provide cheap credit to farmers under KCC as per mandate of GOI.

1. Charging of higher rate of interest by Non borrowing(own fund) PACS:

After due deliberation by the Sub group in the said meeting has recommended that PACS in the State should be provided loan/refinance by the Cooperative Banks at the interest rate of 5% to facilitate them to provide loan to farmers @ 7% as per mandate of GOI. The representative of Apex Bank apprised the sub group that the HP state Cooperative bank has already reduced the intt. rate to 5% to borrowing PACS within its area of operation. It was noticed that the KCCB&JCCB are still providing refinance /loan to PACS under KCC @ 6% or above. Therefore, to make the interest rate uniform by Apex Bank and DCCBs, the sub group has recommended to undersigned to direct the concerned banks also to provide refinance to PACS under KCC @5% within their Jurisdictions.

2. Share Linkage:

The sub group also recommended to relax the existing norms of share linkage of 1:75 particularly for loans under KCC Scheme and allow PACS to have either linkage of one share of Rs. 500/- or dispense with it to facilitate enhancement of agriculture credit under KCC upto 3.00 lakh as per norms/ guidelines of the NABARD/GOI on the matter.

In view of the above recommendations of the Sub group, you are directed that the loan/ refinance to the borrowing PACS under KCC scheme be also made @ 5% by JCCB&KCCB i.e. at par with the Apex Bank to facilitate cheap credit to farmers as per mandate of NABARD/GOI for more credit inclusions under KCC scheme.

P.F.O

Apart from above, as per the fresh guidelines issued by the NABARD/GOI to make the Scheme attractive and to provide an innovative cheap credit delivery mechanism to meet the production credit demand of farmers in a timely and hassle-free manner, this Directorate vide circular of even No. dated 14-09-2012 (copies of which have already been circulated to all concerned) has given detailed instructions regarding dispensing with the share linkage etc. for the loans advanced under KCC Scheme. These instructions shall be followed by the Apex Bank, DCCBs and PACS in letter and spirit as per mandate of NABARD/GOI to enhance credit flow under the said scheme. The compliance of these directions/recommendations be ensured at Coop. Banks and PACS level accordingly.

*[Signature]*  
Registrar Cooperative Societies  
Himachal Pradesh  
22 September 2012

Encl. No. As above  
Copy to:-

1. The Additional Chief Secretary (Cooperation) to the Govt of HP for information please.
2. The Chief General Manager, NABARD, Block No. 32 SDA Complex Kasumpti Shimla-9 for information.
3. The Managing Director the H.P. State Cooperative Bank for information and necessary action.
4. The Joint Registrar (Credit) Coop. Societies H.P. cum Chairman of the Sub group w.r.t. letter No. 5-109/76-Coop(C&M)-V, dated 13-09-2012 for information.
5. All the Assistant Registrar, Cooperative Societies in H.P. w.r.t. this Directorate circular of even No. dated 14-9-2012 for information and necessary action to follow up these instructions at PACS level in letter and spirit.
6. Guard file.

*[Signature]*  
Registrar Cooperative Societies  
Himachal Pradesh

Annexure-VII

Directorate of Cooperation  
Himachal Pradesh

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

4 April, 2013

CORRIGENDUM

In the letter of even No. dated 22-09-2012 issued by this Directorate, the rate of interest may be read as @ 5.5% in place of @ 5%. The rest of the contents of the letter shall remain unchanged.

*[Signature]*  
For Registrar Cooperative Societies  
Himachal Pradesh  
4 April, 2013

Endst. No. As above

Copy to:-

1. The Principal Secretary(Coop) to the Govt. of H.P.
2. The C.G.M. NABARD Block No. 32 SDA Complex Kasumpti Shimla-9
3. The Managing Director, H.P. State Cooperative Bank Ltd; Shimla-1 w.r.t. letter No. BDD/376/38252/2013 dated 3-01-2013 for information.
4. The Managing Director, Kangra Central Cooperative Bank Ltd D/shala.
5. The Managing Director, Jogindra Central Cooperative Bank Ltd Solan.
6. All the ARCS in H.P. w.r.t. above letter for information and necessary action.
7. Guard file.

*[Signature]*  
For Registrar Cooperative Societies  
Himachal Pradesh