

Directorate of Cooperation  
Himachal Pradesh

No. 5-7/2003-Coop(C&M)

Dated 18 March, 2013

DIRECTIVE

Consequent upon the chain of events unfolded in case of Rajpura Cooperative Agriculture Society Ltd; which highlighted inherent systemic problems in Cooperative institutions. It is often observed that failure at society level to put in place its systems to safeguard the interest of members, depositors and public at large, results in malfunctioning and mismanagement. It is of paramount importance to ensure safety and security of depositors' money, safe deployment of funds by management and effective mechanism of internal checks and balances at society level to prevent acts of omission and commission giving rise to embezzlement, erosion in assets and deposits, default in repayment of loan advanced and mismanagement etc. The Administrator or board of administrators, as the case may be, in such societies is to take corrective measures to streamline the functioning of such societies in future. However, it has been observed that administrator or board of administrators, as the case may be, are neither taking required action to remove deficiencies in the working of the society nor submitting any progress/action taken report to department during their tenure thus defeating the very purpose of their appointment and effective control mechanism as per provisions of law.

In view of above backdrop, it has been thought expedient and necessary to issue following instructions under Rule 152 of the H.P. Cooperative Societies Rule, 1971 to the Administrators appointed under section 37 of the Act ibid for strict compliance in future:-

1. The Administrator/BOA shall ensure restoration of management of affairs of the cooperative society to democratically elected management as soon as possible i.e. within their stipulated tenure in accordance with the provisions of law.
2. Till such time the elected management is not restored, the Administrator shall take necessary corrective measures to streamline the working of the society.
3. The action plan for refund of deposits, enhancement of business, recovery of dues/loans of society, execution of recovery cases, action against defaulters, erring employees and management etc. shall be drawn and approved with concerned ARCS for effective and time bound implementation. The periodic review of progress and submission of report to department be ensured by Administrator and concerned ARCS.
4. Unless otherwise specifically authorized by Registrar or the Assistant Registrar, as the case may be, the Administrator /Board of Administrator (BOA) shall not appoint staff or enroll members in the cooperative society.
5. The Administrator shall not have any voting right in the election to the committee of another society. However, the Administrator can authorize a member to represent the society in another society.


Apart from above, the focused action required to be taken by Administrator are:-

1. In case the administrator is appointed for six month only to conduct election of the society, he shall furnish the interim report of efforts taken to conduct the election within three months and final report within six month.

2. In case of supersession of managing committee owing to embezzlement and acts of omission and commission etc the administrator shall take the following corrective measures:-

- i) Initiation of criminal as well as civil proceedings, if not done earlier, against the delinquents in cases of embezzlement of funds of the society within two months.
- ii) Disciplinary action against the delinquent employees of the society.
- iii) To take required economy measures to reduce establishment costs etc. which may involve retrenchment, reduction in salary of employees etc.
- iv) To initiate surcharge proceedings u/s 69 of the Act against delinquent management and employees of the society.
- v) To issue notices to defaulter borrowers of the society to effect recoveries of bad and doubtful loans in order to minimize the NPAs of the society.
- vi) To prepare arbitration cases against the defaulter borrowers of the society under section 72 and apply to RCS under section 90-A of the H.P. Cooperative Societies Act, 1968, as the case may be, within one month.
- vii) To file the awarded cases under section 73, 90-A and order made under section 93 & 94 of the Act ibid before Collector cum Deputy Registrar, Cooperative Societies for execution under section 87 of the Act ibid within two months.
- viii) To prepare action plan to mobilize own resources of society.
- ix) To frame a time schedule to refund deposits on maturity/demand keeping in view financial position of the society.
- x) To seek extension, if plausible reasons warrant, alongwith progress made in case the election of the managing committee is not held within the stipulated period.

The above instructions are to be followed in letter and spirit by Administrators/BOA so appointed and quarterly progress report is to be submitted by them to concerned Assistant Registrar in future. The concerned ARCS shall ensure review of progress of Administrator in their monthly meeting and consolidated report of progress shall be submitted to this directorate quarterly to be reviewed in GO's meetings in future. The Zonal/Divisional heads of offices i.e. Addl. RCS D/shala, Dy RCS Central/Eastern/western division/zones shall ensure periodic review of progress of Administrator to streamline working of the cooperative institutions within their jurisdiction on democratically, transparent and professional lines.


  
Registrar Cooperative Societies  
Himachal Pradesh

18 March, 2013

Endst. No. As above

Copy to:-

1. The Principal Secretary (Coop) to the Govt. of H.P.
2. The Additional Registrar Cooperative Societies, Dharamshala H.P.
3. The Additional Registrar (Mon) Cooperative Societies, H.P.
4. The Deputy Registrar, Cooperative Societies East/west/centre Divisions H.P.
5. All Branch officer of this Directorate for information and necessary action.
6. All the Assistant Registrar, Cooperative Societies in H.P. for necessary action.
7. The Secretary HIMCOFED for publication in Sehkar Darpan.
8. Guard file/department website.

  
Registrar Cooperative Societies  
Himachal Pradesh