

No: Coop.3-813/77(A)-  
Directorate of Cooperation  
Himchal Pradesh, Shimla-9

Subject : Consolidated instructions regarding functioning of Primary Agriculture Cooperative Societies (PACS) in the State of H.P.

### CIRCULAR

The department has issued various instructions and circulars from time to time regarding functioning of the Primary Agriculture Co-operative Societies (in short the PACS) in the State of H.P. to ensure that these societies carry out its business as per provisions contained in the H.P. Cooperative Societies Act and the Rules framed therein under and also within the ambit of the Banking Regulation Act, 1949. But it has come to the notice of the Department that some of the PACS of the State by misconstruing and misinterpreting the point No. 2 of the circular dated 4<sup>th</sup> January, 2006 are still accepting deposits and carrying out its business with non-members in violation of the circular and Banking Regulation Act, 1949. Instances have also come to notice where some of the PACS are accepting huge deposits from the non-members even out of the area of operation of the society and are also indulging in reckless loaning without any collateral security etc. which ultimately resulted in involvement of Secretaries and other office bearers of the societies in embezzlement of funds of the societies. Such illegal and irregular banking practice being adopted by the PACS are not only violative of the Banking Regulation Act, 1949 but also detrimental to the interest of the societies and the general public i.e. the depositors at large. The Reserve Bank of India has time and again been requesting the department to take immediate steps to stop the PACS to carry out its business with the non-members.

In view of the above said circumstances the undersigned thought it appropriate and expedient to issue following instructions by involving the provisions of Rule 152 of the Himchal Pradesh Cooperative Societies Rules, 1971 for ensuing that the PACS in the State carry out its business as per the Cooperative Societies Act & the Rules and also within the ambit of Banking Regulation Act, 1949.

1. Henceforth the PACS in the State shall not accept any kind of deposits from the non-members/nominal members/associate members and shall not carry out any lending business from the non-members/nominal members/associate members.

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Date

2. All the PACS of the State are further directed to refund the deposits of the non-members on maturity or within 2 years whichever is earlier and also ensure recovery of loans from the non members within six months

Other instructions issued vide circular dated 04.01.2006 to regulate the credit operation of the PACS shall remain unchanged. Any deviation of these instructions shall be viewed seriously and strict action as per the provisions of the Act and Rules will be taken against the defaulters.

Registrar Cooperative Societies  
Himachal Pradesh, Shimla-9

Dated : Shimla-9, the 4<sup>th</sup> July, 2019

Endst. No. As above

Copy for information and necessary action to:

1. Additional Registrar Cooperative Societies, Dharamshala, Distt. Kangra.
2. All the Branch Officers in the Directorate of Cooperation Himachal Pradesh, Shimla-9
3. Deputy Registrar Cooperative Societies (Eastern/Western/Central Division) Shimla, Mandi and Dharamshala.
4. All the Assistant Registrar Cooperative Societies in Himachal Pradesh.
5. The Managing Directors of All the Cooperative Banks in H.P.
6. The Chief General Manager, National Bank for Agriculture and Rural Development (NABARD), Block No. 32, SDA Complex, Shimla-9.
7. The General Manager, Reserve Bank of India, Block No. 40, SDA Complex, Kasumpti Shimla-9

Computer  
Section

Registrar Cooperative Societies  
Himachal Pradesh, Shimla-9