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REPORT OF THE COMMITTEE ON RE-ORGANISATION OF PRIMARY CO-OPERATIVE SOCIETIES AS FARMERS' SERVICE CO-OPERATIVE BANKS

The Kerala State Co-operative Bank Ltd.
TRIVANDRUM

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INTRODUCTION

The Presidents and Chief Executives of Central Banks operating in Kerala at their periodical meeting held on 13th March, 1975 under the auspices of the Kerala State Co-operative Bank discussed the recommendations of the Group headed by Shri. T. A. Pai, Union Minister of Industry and Civil Supplies regarding the appropriate institutional credit structure for rural areas. The consensus at the meeting was that the co-operative credit structure at the primary level in Kerala is sufficiently strong and capable of meeting the credit and other requirements of the farming community in the same manner as expected of the Farmers' Service Societies recommended for establishment by the Pai Group. The meeting however felt that some measures for the reorganisation and revitalisation of the primary societies are necessary to enable them to function very effectively. The meeting constituted a Committee to formulate measures for streamlining the working of the primary societies so as to serve the needs of the rural masses, particularly, the farming community, on the pattern of Farmers' Service Societies and for the selection of societies from among the existing primary agricultural credit societies in which desired reforms could be put through, immediately. Subsequently the 20 point economic programme was announced by the Prime Minister which included the establishment of institutional arrangements for provision of credit to economically weaker sections of the rural masses who at present are at the mercy of usurious money lenders. The organisation of regional rural banks to achieve that objective was proposed by a Working Group appointed by the Government of India. It was therefore thought necessary that instead of considering the measures merely to strengthen the existing co-operative societies at the primary level, the approach should be to reorganise selected societies as Farmers' Service Co-operative Banks so that the declared objectives in the 20 point programme, so far as they relate to credit to rural masses, could also be met. The formation of such societies out of the existing primary agricultural credit societies which have been doing a good and purposeful job all these years would help in the speedy realisation of objectives behind the establishment of Regional Rural Banks.

2. The Committee appointed at the meeting held on 13th March, 1975 comprised the following members:-

1.	Sri. E. Chandrasekharan Nair, President, Kerala State Co-operative Bank Ltd.	Chairman
2.	Sri. T. N. Jayachandran I. A. S., Registrar of Co-operative Societies.	Member
3.	Sri. C. K. Mani, President, Kottayam District Co-operative Bank Ltd.	Member
4.	Sri. M. V. Joseph, President, Ernakulam District Co-operative Bank Ltd.	Member
5.	Sri. M. S. Menon, Director, Palghat Co-operative Central Bank Ltd.	Member
6.	Sri C. S. Subramanian, Secretary, Kerala State Co-operative Bank Ltd.	Convener

Shri. K. L. N. Rao, I. A. S., Secretary, Agriculture (Co-operation) Department, Government of Kerala and Shri. T. A. Visvanathan, Assistant Chief Officer, Agricultural Credit Department, Reserve Bank of India also participated in the deliberations of the Committee as special invitees.

3. The Committee met eight times on the follow in dates/places.

Date	Place
19- 3-1975	Trivandrum
11- 4-1975	Ernakulam
23- 4-1975	Calicut
24- 4-1975	Ernakulam
25- 4-1975	Trivandrum
19- 9-1975	Trivandrum
24-10-1975	Trivandrum
3-11-1975	Trivandrum

4. At the first meeting held on 19th March, 1975 the Committee prescribed the broad norms to identify societies which may be taken up for reorganisation. These norms are indicated in Appendix I. The Central Co-operative Banks were requested to identify the societies satisfying these norms and furnish the lists to the Committee. While doing so the Committee had the benefit of the list of viable primary agricultural credit societies (as on 30th June, 1974) prepared in the Office of the Registrar of Co-operative Societies. The criteria followed for the preparation of that list were membership 2000, paid-up share capital Rs. 1,00,000/- and loans outstanding Rs. 2,50,000/-, The number of societies included in that list was 180. The central co-operative banks were supplied with the list of such societies in their respective districts to facilitate early identification subject to the norms prescribed by the Committee.

5. At the meeting held on 11th April, 1975 the Committee examined the model byelaws and adopted certain modifications to suit local conditions and statutory requirements. The model byelaws and the modifications cleared by the Committee were circulated among all central co-operative banks and the Deputy Registrars of Co-operative Societies.

6. On the basis of the lists of identified societies placed before the Committee by the respective central Co-operative banks and the Deputy Registrars of Co-operative Societies, who are also present at the meetings of the Committee held on 23rd, 24th and 25th April, 1975, the Committee made a preliminary selection of societies. As the Committee felt that it may not be wholesome to attempt reorganisation on a mass scale, the central co-operative banks were advised to collect and furnish to the Committee the financial and other data of the selected societies. The proforma prescribed for collection of particulars is given in Appendix II. The central co-operative banks were further advised to give additional information on certain other aspects on a suggestion made by the Agricultural Credit Department, Reserve Bank of India, Trivandrum. The additional information collected is indicated in Appendix III.

7. The Committee at the meeting held on 19 th September, 1975 finalised the model byelaws and approved a further set of norms (Appendix IV) to make a final selection of societies. The Committee felt that to start with atleast 25 societies might be reorganised and made to function in the manner envisaged by the Committee, from 26th January 1976.

8. The Committee adopted its report at its sitting on 3rd November, 1975. The Report of the Committee consists of four chapters as indicated below.

Chapter I. Institutional arrangements for credit in rural areas—recent developments.

" II. Performance of Primary Agricultural Credit Societies in Kerala.

" III. Model Byelaws for Farmers' Service Co-operative Bank.

" IV. Reorganisation of Primary Agricultural Credit Societies as Farmers' Service Co-operative Banks.

9. The Committee is grateful to the central co-operative banks for furnishing the required particulars about the working of primary agricultural credit societies. The Committee is thankful to Shri. K.L.N. Rao, I.A.S., Secretary to Government, Agriculture Department and Shri. T.A. Visvanathan, Assistant Chief Officer, Agricultural Credit Department, Reserve Bank of India, Trivandrum for their association with the work of the Committee and guidance rendered to it. The Committee also wishes to record its appreciation of the hard and sustained work put in by Shri. S. Viswanath, Deputy Secretary of the Kerala State Co-operative Bank Ltd., in analysing the data relating to societies received in the bank, evolution of norms for the final selection of societies and in the preparation of the draft report for the Committee.

CHAPTER I

Institutional Arrangements for Credit in Rural Areas

Recent Developments

1.1 The Co-operative Movement in our Country is more than seventy years old and there is no gainsaying the fact that the movement had a chequered career all these years. Being a country whose economy is highly dependent on agriculture, in the era of planning commencing from 1951 the country's efforts have been directed towards improving agricultural production. As has been rightly said, credit is the handmaid of production and finance is a crucial input for the development of agriculture. Thus, all along, considering the situation which has been existing in the rural areas where institutional arrangements were lacking or were ineffective, the objective was to create or strengthen the primary agricultural co-operative credit societies so that the farmers may have an institution within their reach where from they could get credit as well as farm requisites and other services. None can deny the truth that the presence of primary agricultural credit societies in rural areas was felt and made use of by farmers with varied experience. The growth of and the services rendered by agricultural credit co-operatives were not uniform and even with the setting up of service co-operative societies about a decade back the different requirements of the farming community were not being adequately met by such institutions in all areas. Though there has been increase in quantitative terms in the provision of credit, there were no effective extension services available to farmers. It was also noted that by and large the small farmers and agricultural labourers were not being served adequately by the existing credit co-operatives. Unless the economically weaker section of the farming community is also helped to improve its lot, the avowed objective of transforming the

economy of rural areas into a flourishing one will not be achieved.

1.2 The National Commission on Agriculture had gone into the question of institutional arrangements in rural areas particularly to serve small and marginal farmers and agricultural labourers and the interim report of the Commission submitted to the Government of India in 1971 contained a recommendation that farmers' service societies should be formed to provide an integrated credit service to such farmers. This recommendation was considered by all concerned and in the light of the comments received from the Government of India. the Planning Commission, the Reserve Bank and the State Governments, the National Commission on Agriculture reviewed its earlier proposal and recommended a commonly accepted model of a Farmers' Service Society with the following main features.

i) It should cater to a minimum population of 10,000 in a compact area.

ii) Membership will be open to all cultivators within its jurisdiction. However, it has to be ensured that the weaker sections have a majority in the Board of Management, by reserving for them 2/3rd of the membership of the Board.

iii) The society will function as a primary society undertaking all activities conducive to the economic betterment of its members which should include development of subsidiary occupations such as dairying, poultry, piggery and financing of artisans and craftsmen etc. Thus, its approach will be comprehensive while its services will be integrated with credit. In other words, the society should provide for a wide range of activities, namely, supply of short, medium-term and long-term credit, supply of inputs and consumer goods, processing and marketing of agricultural products and other products either directly or through suitable arrangements with other organisations, provision of storage facilities, custom service, warehousing etc.

Though Farmers' Service Societies of the above model have come into being in a few States as pilot projects since 1973, the Government of Kerala has been holding the view that the co-operative agricultural credit structure in Kerala is quite strong and there is no imperative need to try the experiment of organising new Farmers' Service Societies in Kerala as additional institutions in the credit structure.

1.3 The nationalisation of bigger commercial banks in 1969 and the policy directives thereafter, which enjoined on the nationalised and other commercial banks to pay more attention to the credit needs of priority sectors including agriculture, saw the emergence of another institutional agency in the form of rural branches of such banks which also began to play an active part in rural credit. For various reasons the advances by this sector for agriculture slowed down after the initial flush of enthusiasm.

1.4 In July, 1974 the Central Cabinet constituted a Group headed by Sri T. A. Pai, Union Minister to recommend the most appropriate institutional structure for rural areas keeping in view the performance of the co-operative and commercial banks in this sphere. According to the Group, the objectives for rural banking are:-

i) To mobilise the savings of the people even in small amounts inculcating the habit of savings in them and;
ii) To gradually replace money lending and trying to cover larger and larger sections of the village population through institutional credit to cover their production needs.

The Report of the Group highlights the deficiencies in the institutional arrangements of credit now available. Briefly they are:-

i) The rural branches of commercial banks have done a good job in mobilising deposits but their operations so far as lendings are concerned have not been economic and not covering a large section of the people.

ii) The operations of co-operatives have failed to attract deposits and have been concentrating on lending opera-

tions only with limited success in reaching a small group of people.

iii) On the whole primary co-operative societies are mostly non-viable, indifferent to increasing membership of small and marginal farmers, faction-ridden, deprived of the services of trained managers/secretaries and burdened with overdues from wilful defaulters.

iv) A larger number of rural branches of commercial banks have merely registered a statistical presence without being able to render any effective service to the rural community around them.

1.5 Attempting to find out a workable solution, the Group has made the following remarks:-

i) Successful banking operations should cover both deposit mobilisation and lendings to neglected agricultural sector and, thus, it is necessary to devise methods and operations which would induce both commercial and co-operative banks to succeed in deposit mobilization as well as catering to all sections of the society.

ii) Neither a rural branch of a commercial bank in its present form nor a primary co-operative credit society in its present mode of functioning is, or will, be in a position to meet the credit and other requirements of farmers effectively.

iii) What is needed is a viable well managed institution of the type of Farmers' Service Society which will not only dispense credit to the farmers but also make arrangements for the supply of desired inputs, necessary technical extension services, provide for market intelligence and services and collect deposits from the rural community.

iv) Such an institution will be required to be financed by a regular financing institution i. e., either a central co-operative bank or commercial bank.

v) While a well run co-operative bank can go on financing a Farmers' Service Society, it should be the attempt of all

commercial banks in the rural areas to foster and organise such societies with the full co-operation of the State Governments and the Reserve Bank of India.

vi) In the case of co-operative banks, steps will have to be taken so that a farmer does not have to run to two institutions for his credit requirements. Viable credit societies should be in a position to cater to all credit requirements of farmers. They should, therefore, be financed by the central co-operative bank and the land development bank.

1.6 As a sequel to the measures propounded by the Prime Minister to resuscitate the economy and to help the suffering class of the rural population, the Union Government announced that rural banks would be established to offer the economically weaker sections of the rural population an access to the banking world to obtain necessary credit for their avocations. The Union Government in July 1975 set up a Working Group headed by Sri. M. Narasimham, Additional Secretary, Department of Economic Affairs, Government of India to make specific recommendations for the organisation of rural banks. The approach of the Working Group will be clear from the following observations contained in the Report.

"What is needed is an institution which combines the local feel and familiarity with rural problems which the co-operatives possess and the degree of business organisation, ability to mobilise deposits, access to central money markets and a modernised outlook which the commercial banks have. At the retail credit level, Government policy has decided in favour of the new institution of Farmers' Service Society which will combine the provision of credit with ancillary support by way of input supply, technical services, extension work and eventually storage, marketing, processsing and other agro-services. However, the Farmers' Service Societies will be dispensing credit and other supporting services and the problem of obtaining resources for them still remains. It would be some years before the Farmers' Service Societies are organised on a sufficiently wide scale to make a marked impact.

There are several areas in the country where neither the co-operatives nor commercial banks have made much progress in rural lending. Many of these areas also are those which are now agriculturally backward but which hold out promise and potential for development and,where, because of insufficient progress of institutional lending, the farmers, especially small farmers, are still dependent on the traditional non-institutional sources. It is this that forms the back-ground to the evolution of the idea of state sponsored regionally based and rural oriented commercial banks."

The Working Group has emphatically stated that the role of the new institution will be to supplement and not supplant the other institutional agencies i. e., the co-operative and commercial banks and has also laid stress on the importance of strengthening the base level of credit. It is thus clear that the policy for the establishment of Regional Rural Banks will be to cover those areas where the institutional arrangements for credit to serve the needs of rural population are weak.

1.7 From the above review one conclusion that clearly emerges is that at the village level there is need for an administratively efficient, financially strong and economically viable co-operative society capable of adopting flexible rules and procedures in regard to its operations so that the credit and other requirements of the farming community, especially of those belonging to the marginal and small category, and other weaker sections of the community are met at reasonable cost. Such an agency, apart from operating as a rural banking institution, should also act as an agency promoting economic growth in the area where it functions.

CHAPTER II

Performance of Primary Agricultural Credit Societies in Kerala.

2.1 The performance of the primary agricultural credit societies in Kerala has been quite encouraging and compared to the performance of their counterparts in other States in the country it could be said that the societies in the State are quite outstanding in many respects. (Please see Appendix V). It would be relevant in this connection to quote what some high level Committees on co-operation have said about the performance of primary agricultural credit societies in Kerala.

2.2 The Rural Credit Review Committee (1969) observed as under:-

> "The performance of co-operatives in Kerala in the mobilization of resources has been fairly promising. The average share capital per agricultural credit society at Rs. 22.189 as at the end of 1967-8 was the highest for any State. The total deposits of the primaries at Rs. 6.30 crores were also the highest for any State except Punjab. Again, the average of deposits per society at Rs. 27,926 in Kerala was not only the highest for any State in the country but far in excess of the next highest average viz. Rs. 10,170/-for Punjab. The high density of population and the traditional banking habits of the people in the rural areas of the State probably account for these creditable achievements."

Other factors which may have contributed to the creditable achievements of the co-operatives according to the above Committee are;

1) With hardly any area susceptible to famine, the State has a variety of crops, including the remunerative plantation crops and fruit orchards, which make the gross value of agricultural output per acre in the State the highest in the country in 1966-7.

2) In regard to per acre consumption of fertilizers, Kerala ranked the first among the States.

3) The predominance of cultivators with small holdings who have relatively more to gain from a system of co-operative credit.

4) The high rate of literacy in which Kerala leads all other States.

2.3 The Study Team on the Two-Tier Co-operative Credit Structure in Kerala (1973) has remarked;

"Certain features in the working of the primary credit societies in the State are very striking. Firstly, the societies are fairly large-sized, in the sense that the average membership per society was far higher than the All-India average of 193 for 1970-71. Similarly, the average share capital per society at about Rs. 55,125 was more than 4 times the all-India average of Rs. 13,000/-. The loans issued per society were even much higher at Rs. 1.76 lakhs as against Rs. 0.36 lakh for the country as a whole. Secondly, the primary credit societies have been successful in deposit mobilization. The deposits increased from Rs. 879 lakhs in 1969-70 to Rs. 938 lakhs in 1970-71 and further to Rs. 1067 lakhs in 1971-72. The deposits formed nearly 15% of the total deposits in primary agricultural credit societies in the country as a whole. The average of deposits per society at Rs. 52,370/- was the highest in the country. Even expressed as the average deposit per member it was Rs.61 as against the all-India average of Rs. 22. — — — — — (Para 2.31 of the Report).

Of the total number of societies, 1508 were having full time paid secretaries and 114 were having part time

secretaries and the remaining 373 societies were having honorary secretaries. The position compares very favourably with the all-India position, only about one-third of the total number of primary credit societies in the country having full time paid secretaries in 1970-1. — — (Para 2. 32 of the Report)."

2.4 The rating of the performance of the primary agricultural credit societies above has been based on the per society average in respect of membership, share capital, deposits and the loan issued as also on the number of societies working at profit and number of Societies having full time paid secretaries.

These are important factors which reflect the capacity of the societies to act as effective institutions available at the base level to serve the rural masses. There are other aspects also where the performance of primary agricultural credit societies in Kerala has been good. During 1972-3, 457 societies (forming one fourth of the 1802 active societies i. e., societies excluding dormant societies) in Kerala had undertaken the function of marketing of agricultural produce on their own. For the country as a whole only 1% of societies had done so. These societies had handled agricultural produce of the value of Rs. 4.41 crores which was 24.3% of the total produce valued at Rs. 18.11 crores handled by 1363 societies in the country as a whole. It is worth noting that the marketing was entirely done by the societies themselves and not through the agency of marketing societies. Similarly, of the 55 societies all over India which undertook processing activities on their own, 20 societies were in Kerala and the value of goods processed was Rs, 2.20 crores. In Kerala, 1163 societies forming 64% of the active societies as in June, 1973 were undertaking supply of farm requisites. On an all-India basis only 42% of active societies were extending this service to their members. The 1163 societies in Kerala had handled farm requisites of the value of Rs. 8.53 crores which worked out to Rs. 72,000/- per society. This was only Rs. 31,000/- per society for the 57036 societies performing this function for the country as a whole. Though the active societies at 1163 in Kerala was only 1.3% of the

total number of active societies at 135467 for the country as a whole, the value of farm requisites distributed by the societies in Kerala formed 4.8% of the total value sold by all the societies put together. In Kerala 908 societies forming 50% of active societies, as compared to 36% for the country as a whole, were engaged in the distribution of consumer goods. Whereas the value of goods sold per society in Kerala was Rs. 3,50,000/- this was only Rs. 56,000/- for the societies in the country as a whole. In Kerala 912 societies forming 50% of the active societies owned godowns as compared to 15% of the societies on an all-India basis. During the year 1972-73, of the total loans amounting to Rs. 40.89 crores advanced by primary agricultural credit societies in Kerala, Rs. 13.13 crores forming 32.1% of the total had gone to farmers holding upto 1 hectare as compared to 9.5% for the country as a whole. Similarly, of the total short term (agricultural) loans of Rs. 30.73 crores outstanding against societies as at the last Friday of June 1975, Rs. 17.97 crores forming 58.5% were in respect of advances made to small and economically weak farmers.

The proper management of the day to day affairs of co-operative societies in Kerala State is ensured by statutory provisions governing the minimum qualifications, remuneration and other conditions of service of officers and other staff of co-operative societies. The minimum qualification prescribed is a graduate in commerce with co-operation as special subject or B.A., B.Sc., or B.Com., degree with adequate training in co-operation for posts the starting pay of which is Rs. 250/- and above and for posts which carry a starting pay which is below Rs. 250/-, S.S.L.C. and successful completion of Sub-ordinate Personnel Co-operative Training Course. The State Government have also prescribed the staff strength and scales of pay for different posts which, so far as they relate to credit societies, are indicated in Appendix VI.

CHAPTER III

Model Byelaws for Farmers' Service Co-operative Bank

3.1 As indicated earlier the Committee examined in detail the model byelaws suggested for adoption by the Farmers' Service Co-operative Bank and felt that certain changes will be necessary mainly to bring them in conformity with the provisions in the Kerala Co-operative Societies Act, 1969 and the rules framed thereunder. The Committee had, for the purpose, the benefit of the advice of the Co-operative Department and the suggestions made by some of the central co-operative banks.

3.2 The amendments which have been adopted by the Committee are referred to below:-

Byelaw no.	
1.	1. The nomenclature should be 'The Farmers' Service Co-operative Bank Ltd., instead of 'The Farmers' Service Co-operative Society Ltd. particularly in view of the fact that the people of Kerala know primary co-operative societies more as banks and with a view to bringing into the institutions an awareness that they are to undertake all banking functions.
1.	2. The area of operation of the Farmers' Service Co-operative Bank will be coterminus with that of a panchayat.
2(i)	3. The Farmers' Service Co-operative Bank may cater to the credit needs of petty traders, cottage and small scale industri-

alists also as the Committee felt that as a credit institution at the base level its services should also be available to people other than farmers, rural artisans and agricultural labourers.

2 (ii) (a) 4. The Farmers' Service Co-operative Bank may also provide consumption loans to members to meet educational and medical expenses.

2 (ii) (c) 5. The Farmers' Service Co-operative Bank may also grant loans on the security of agricultural produce.

2 (ii) (h) 6. The Farmers' Service Co-operative Bank may also propagate and supply improved varieties of seeds and undertake scheme for production and multiplication of seeds.

2 (ii) (o) 7. The Farmers' Service Co-operative Bank may act as an agency of any other society like a housing co-operative society, consumer co-operative society besides the land development bank, the marketing society or processing society.

3 (a) (i) & 3 (a) (ii) 8. The term 'Financing Bank' will have the meaning assigned to the term in the Kerala Co-operative Societies Act, 1969, and the term 'petty trader' may be defined by the Registrar of Co-operative Societies as in the case of 'small farmer'.

3 (b) (i) 9. The authorised share capital of the Farmers' Service Co-operative Bank may be Rs. 20,00,000/- made up of 150000 'A' class shares of Rs. 10/- each and 500 'B' class shares of Rs. 1000/- each.

3 (b) (i) 10. The 'B' class shares may be allotted to

the Financing Bank also besides the State Government.

4 11. The liability of members may be as defined in section 2(g) of the Kerala Co-operative Societies Act, 1969.

12,25(ii),29(3) 29(4),32,34(2) 12. The rules of business to be framed covering the various activit.es will be with the approval of the Financing Bank and the Registrar of Co-operative Societies.

13 13. The terms and conditions on which the Farmers' service Co-operative Bank could borrow should have the approval of the Registrar of Co-operative Societies.

20 14. Necessary provision regarding the constitution of representative general body may be made.

22 (i) 15. The Board of Directors may consist of eleven members as follows.

A. ELECTED MEMBERS.

Ten elected by the general body from among individual members holding 'A' class shares provided, however, that at least six members of the Board of Directors shall be from part I of the list of members maintained by the society.

B. EX-OFFICIO.

The Managing Director.

Sri. M. S. Menon was, however, of the view that a specific provision of six seats for part I and four seats for part II members of the society should be made.

24 (5) 16. Interim vacancies in the Board of Directors shall be filled up as provided for in

	Kerala Co-operative Societies Act, 1969 and the Rules framed thereunder.
28	17. The appointment of Managing Director may be made by the Financing Bank in consultation with the Board of Directors.
29(7)(8)(9)	18. The rate of additional interest to be levied may be $\frac{1}{2}$ paisa per rupee per mensem.
Note to Bye-law 35	19. The stipulation that entire profits when the overdues are above a prescribed percentage should be credited to Reserve Fund may be changed specifying that the profits after the statutory provisions are made towards Reserve Fund and Education Fund are credited to the Bad Debt Fund and also that such appropriation towards Bad Debt Fund may be made when the overdues exceed the limit of 40% of the demand instead of 75% of the demand as prescribed in the model byelaws.
3. 3	The model byelaws as adopted by the Committee is given as Appendix VII.

CHAPTER IV

Reorganisation of Primary Agricultural Credit Societies as Farmers' Service Co-operative Banks

4.1 In Chapter I, the recent trends in the line of thinking regarding the institutional framework for dispensation of credit in rural areas have been outlined. It is pertinent to note that both the Groups headed by Sri. T. A. Pai, Union Minister and the Working Group appointed by the Central Government in July 1975 have reiterated the fact that an alternative institutional arrangement is thought of because co-operatives have not been successful in mobilising adequate deposit resources, the management of societies left much to be desired, that the rural branches of the commercial banks have failed in their lending programmes and that the coverage of small and marginal farmers has been inadequate in either case.

4.2 We have given serious thought to the recommendations of the Pai Group and the Working Group on Regional Banks and examined in detail to what extent and in what specific directions the existing agricultural co-operative credit societies in the State should be reorganised to meet the requirements of the new type of societies proposed. This no doubt would depend on the stage of growth of co-operative credit institutions in the State and the extent to which the objectives set forth by the two high level Groups are already satisfied by the existing societies. It is relevant to note that both the high level Groups have recognised the fact that it may not be advisable to disturb the

existing institutions which have been able to serve the needs of the rural masses reasonably well. The express declaration by the Working Group on Regional Banks that the role of the new institution, i. e., Regional Rural Bank will be to supplement and not to supplant the other institutional agencies is welcome. Against this back-ground, after giving due consideration to all allied issues, we are of the firm view that the co-operative credit structure in this State with few changes will be fully capable of meeting the credit and other requirements especially of the economically weaker sections of the rural population as contemplated in the new proposals.

4.3 We would like to emphasise that the primary agricultural credit societies in the State have reached a stage of development which is well ahead of most other States in many important respects. The societies generally have good working capital of which deposits form a substantial portion. The position of owned funds with the societies is very satisfactory. Most of the societies have been undertaking distribution of agricultural requisites and consumer goods. The role of co-operatives in the marketing of agricultural produce is also encouraging. Most of the societies are manned and managed by qualified staff. We, therefore, feel confident that with some improvements in the existing set-up it will be possible for most of the societies to perform the functions of a Farmers' Service Society.

4.4 We, however, would like to proceed with caution, as some of the changes contemplated would be entirely in new directions and the societies have to be carefully picked having regard to their capacity to shoulder the new tasks. Initially, therefore,only a few societies which, from the point of view of coverage, financial position, operational efficiency and managerial capacity and responsiveness hold out promise of successfully implementing the programme are taken up for the experiment. Having regard to these factors we evolved certain

norms for a preliminary selection of societies for being taken up for the programme as indicated in Appendix I. Some of these criteria for preliminary selection like those relating to audit classification, minimum deposit held, minimum coverage of population were later modified in the light of discussions with the Presidents and Chief Executives of central banks and the Deputy Registrars of Co-operative Societies. While selecting the societies finally it was ensured that the societies serving areas comprising a Panchayat with no other credit societies functioning in the area and which had an ultimate credit potential of Rs. 10.00 lakhs were only selected. A list of 168 societies (District-wise particulars are given below) was thus prepared. The names of the societies selected are indicated in Appendix VIII.

Kozhikode District	15	societies.
Cannanore District	21	,,
Malappuram District	11	,,
Palghat District	21	,,
Trichur District	19	,,
Ernakulam District	14	,,
Idukki District	12	,,
Quilon District	17	,,
Kottayam District	17	,,
Alleppey District	12	,,
Trivandrum District	9	,,
	168	

As a further screening for final selection of societies for conversion as Farmers' Service Co-operative Banks was necessary the Committee requested the State Co-operative Bank to undertake a study of the financial and other particulars of the societies selected provisionally. The norms adopted by the Committee for the final selection of the societies are given in Appendix IV. On the basis of these norms the State Co-operative Bank will select five societies in each district which might be considered for immediate reorganisation into Farmers' Service Co-operative Banks. We recommend that further action should be speeded up so that a minimum of two

Farmers' Service Co-operative Banks per district out of the above list should start functioning from 26th January, 1976. Gradually, efforts should be made to achieve the reorganisation of all the 168 selected societies into Farmers' Service Co-operative Banks by June, 1977 and by the end of the Fifth Five Year Plan every Panchayat in the State should have a Farmers' Service Co-operative Bank.

4.5 It may be necessary to explain why we have chosen to adopt the nomenclature of 'Farmers' Service Co-operative Bank' instead of the more popular 'Farmers' Service Society'. While the society under contemplation should extend a variety of services to the farmers there should be renewed emphasis on the role of the society as a 'Bank'. In order to undertake a multitude of tasks visualised the financial resources of the society will have to be augmented considerably and there is no better way of doing this than by concentrating on deposit mobilisation. The attempt must be to tap every home in the village and to do this the society will have to undertake all banking services. Moreover, the adoption of the very name 'Bank' will instill confidence among the people. The name adopted by the Committee viz. Farmers' Service Co-operative Bank emphasises the essential role of the society as a co-operative undertaking banking and other services for the farmer. It may be mentioned in this connection that many of the primary co-operative credit institutions in Kerala are already known as Service Co-operative Banks.

4.6 We concede that the achievement of the objective is not easy, but, we would exhort the state co-operative bank, the central co-operative banks and the officials of the Department to have a continuous and abiding interest in the scheme, sort out issues which may arise in the course of its implementation and bring the same to the notice of the concerned authorities for timely action. The major obstacle according to us may be the

overlapping jurisdiction of societies and the uncompro mising attitude on the part of some managements to agree to the transformation. On this issue, we recommend firm action if necessary even by invoking the relevant provisions in the Co-operative Societies Act. We are informed that some central co-operative banks have had discussions with the representatives of the societies in the preliminary list and that the representatives of some societies were not in full agreement with the proposal. We feel that such opposition should not make the state co-operative bank and the central banks disheartened but that the banks should meet the situation with redoubled vigour as we are confident that continuous contact and dialogue with the representatives of the societies will ultimately pave the way for speedier implementation of the scheme. In this connection, we feel that the directors of central co-operative banks have a major role to play.

4.7 We are of the definite view that simultaneously with taking steps to reorganise selected societies into Farmers' Service Co-operative Banks, action should also be initiated to conduct a survey of the Panchayats to be served by them so as to determine the extent of credit and other services required by the people residing in the area. The survey should enable the proposed Farmers' Service Co-operative Banks to possess factual and reasonably correct information on certain important matters. A proforma of the schedule eliciting information on these aspects is given as Appendix IX. A start when made with the basic information on these matters will facilitate the bridging of credit gaps where they exist, rectification of existing defects, if any, and the sorting out of the new activities or improvements in the present activities of the society enabling the society to identify itself with the people of the area. Only when this sort of association and participation are achieved could it be said that the objective behind the scheme of organisation of Farmers' Co-operative Banks has been realised.

4.8 We reiterate the fact that the proper and successful working of a Farmers' Service Co-operative Bank would depend on the Chief Executive who is to be designated as Managing Director with a seat on the Board of Directors. This it will be noted is a departure from the existing scheme of things where the Secretary is not a member of the Board. The object of designating the Chief Executive as the Managing Director with a seat on the Board is to make both the Board and the Chief Executive responsive to the needs and act in unison with mutual respect and confidence in the furtherance of the interests of the society. It thus goes without saying that the person appointed as Managing Director should be one who is fully qualified, properly trained and possessing required aptitude. To ensure this, we recommend that every central co-operative bank should maintain a panel of names in the category of clerks/Inspectors for which a selection could be made from the present secretaries serving the societies and/or from the clerical cadre of the bank. A person when included in the panel even if he is at present a Secretary of a society should be deemed to be a member of the staff of the central bank and governed by its rules and regulations but when working as the Managing Director, the salary etc. will be met by the Farmers' Service Co-operative Bank. The Managing Director of a Farmers' Service Co-operative Bank will be appointed by the central co-operative bank. As the appointment of a Managing Director under the existing provisions in the Kerala Co-operative Societies Act and the Rules thereunder may not be possible, we recommend that till the Law is amended, necessary exemption from the operation of the relevant sections of the Act and the Rules may be given by the State Government.

4.9 Each reorganised society shall have to be provided some technical staff for extension work. We feel that to start with every Farmers' Service Co-operative Bank should have a Junior Agricultural Officer and in due course have the services of an engineer and a veterinary

expert. We recommend that initially the State Government may provide the services of a Junior Agricultural Officer to each of the Farmers' Service Co-operative Banks free of cost for the first three years and the other technical personnel recommended by the Government of India for a Farmers' Service Co-operative Society on the same basis later on as and when sought for by the bank. The technical personnel deputed by the State Government should work under the direct administrative control of the Managing Director of the Farmers' Service Co-operative Bank and be answerable to him.

4.10 It is contemplated that the reorganised societies will also disburse long-term loans for developmenta purposes wherever necessary. We feel that pending an integration of short-term and long-term credit structures, a final decision on which is yet to be taken, and, pending incorporation of necessary legal provisions enabling the Farmers' Service Co-operative Bank to act as an agent of the Central Land Development Bank, a beginning may be made to use the long-term own funds of the banks and the co-operative financing banks to the extent possible for the disbursement of long-term loans if the provision of such loans is found necessary for an integrated development. If compact area development programmes can be prepared for the area of each bank it may be possible to avail of credit facilities from the Agricultural Refinance Corporation for financing such programmes.

4.11 We would like to emphasise that it should be the endeavour of the reorganised societies to bestow more attention to mop up rural surpluses and in that direction to start deposit mobilization and extend all banking facilities to the rural masses.

4.12 We also recommend that the State Co-operative Bank should conduct training programmes for the benefit of the Managing Directors of the proposed Farmers' Service Co-operative Banks and other

personnel connected with the implementation of the programme.

4.13 We would request all concerned particularly the Financing Banks and Officials of the Co-operative Department to take the initiative and to devote continuous attention for the establishment of Farmers' Service Co-operative Banks by reorganisation of selected primary agricultural credit societies and for that purpose, we think it desirable to follow a definite programme of action which is indicated in Appendix X.

4.14 We would conclude by requesting the Government of Kerala to provide all assistance for the success of this programme.

E. Chandrasekharan Nair (*Chairman*)
T. N. Jayachandran,
C. K. Mani
M. V. Joesph,
M. S. Menon*
C. S. Subramanian (*Convener*)

Trivandrum,
3rd November, 1975.

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* Sri. M. S. Menon has signed the report subject to the following observations,

(1) Clause 22 (1) (A) of the byelaws should ensure that members holding 'A' Class shares belonging to Part II List do not go totally unrepresented in the Board of Management of the Farmers' Service Co-operative Bank.

(2) Clause 35 of the byelaws should contain a provision for the building up of a special Risk Fund to offset losses arising from loans to 'weaker' (Part I List) members as part of a yearly allocation from net profits.
The above two provisos have been elaborated in a note submitted separately to the Committee.

APPENDIX-I

Norms adopted for Preliminary Selection of Societies

1. The society should serve a population of 20,000 preferably a Panchayat.
2. The society should have a membership of 2,500 or more.
3. The society should have a share capital of not less than Rs. 1.00,000/-.
4. The society should have a minimum deposit of Rs. 50,000/-
5. The society should have loan operations of not less than Rs. 2,00,000/-,
6. The society should have its own building.
7. The audit classification of the society should be atleast 'B' for the last three years.

APPENDIX-II

Proforma of data of Agricultural Credit Societies collected in connection with the scheme for the Organisation of Farmers' Service Co-operative Banks

NAME OF THE SOCIETY :

I. i) Area of operation of the society

ii) a) Are there other credit societies working in the area and if so, give the names of the society/societies. :

b) Is there a Primary Land Mortgage Bank working in the area. If so, give the name of the bank. :

iii) Population of the area served by the society.

Cultivators :
Agricultural labourers. :
Artisans :
Others :
Total :

iv) No. of households in the area. :

v) The major crops grown in the area :

Crop	Extent of land

vi) Which is the major crop which could be termed as marketable surplus available with farmers, in other words, which is the crop which the farmer usually sells to raise cash.

vii) Which are the main seasons for sowing, harvesting and marketing of the different crops grown in the area.

Crop	Season for sowing	Season for harvesting	Season for marketing.

viii) What are the due dates for recovery of loans issued for different crops.

Crop	Due Date

ix) What is the maximum borrowing power of the society.
(Please indicate the basis)

x) What is the Individual Maximum Borroing Power:

II. Membership and Share Capital.

A. Membership

i) No. of members

As on	No. of members (1)	Of (1) number borrowing (2)	% (2) to (1)
30-6-1969			
30-6-1974			
31-12-1974			

ii) If the precentage of borrowing members is less than 50, Indicate the reasons for others not borrowing.

iii) What is the average land holding of the members. What is the maximum and what is the minimum for the members.

iv) Of the total members, give the following indicators

	No.	Total Extent of land
a) Members holding 3 acres or less.		
Members holding more than 3 acres		
b) Members holding 5 acres or less		
Members holding more than 5 acres.		

v) Has the society been admitting to its membership persons other than cultivators. If so, who are they and what are their usual profession.

B. Share Capital	As on 30 6-'69	As on 30 6-'74	As on 31-12-'74
i) Share capital from members			
Share capital from Government			
Share from nominal members			
Total			

ii) What is the rate of share linking followed

	Rate of share linking
a) For S. T. loans (agricultural purposes)	
b) For M. T. loans (agricultural purposes)	
c) For S. T. & M. T. loans (non-agricultural purposes)	

III. Reserves

Item	As on 30-6-1969 Rs.	As on 30-6-1974 Rs.	As on 31-12-1974 Rs.
Created by appropriation out of profit			
i.			
ii.			
iii.			
Total (A)			
Created by debit to Profit and Loss Account			
i.			
ii.			
iii.			
Total (B)			
Grand Total (A+B)			

IV. Deposits

1) a) What are the different types of deposits accepted by the society. Give the information in the following form.

Type of deposit	Rate of interest offered		
	As on 30-6-1969	As on 30-6-1974	As on 31-12-1974
i)			
ii)			
iii)			
iv)			
v)			

b) What are the services rendered by the society to its depositors.

c) Is there a system of using pay-in-slips or chalans for receiving deposits and of using cheque leaves for drawing cash

2) Amount of deposits held

Type af deposit	As on 30-6-1969	As on 30-6-1974	As on 31-12-1974
i)			
ii)			
iii)			
iv)			
v)			
Total			

Of the total

a) From members

b) From others

3) Average cost of deposits

Type of deposit	Amount held (rounded off (to thousands)	Rate of interest	As on 30-6-1974 Products
(1)	(2)	(3)	(4) 2 x 3
Total			

Average cost : $\frac{\text{Total of products}}{\text{Total amount of deposits held.}}$

V. Borrowings

i) From Central Banks

Type of loan/ cash credit	Amount drawn during 68-69 Rs.	Amount outstanding as on 30-6-69 Rs.	Overdues as on 30-6-69 Rs.	Amount drawn during 73-74 Rs.	Outstanding as on 30-6-74 Rs.	Over dues as on 30-6-74 Rs.	Outstanding as on 30-12-74 Rs.	Overdues as on 31-12-74 Rs.
Total								

ii. From other institutions/Government, if any

a) Indicate source

b) Purpose for which borrowed

c) Amount borrowed and when it was first drawn.

d) Amount outstanding
As on 30-6-1969
30-6-1974
31-12-1974

e) Has the society been meeting its obligations in time. What was the amount in default.
As on 30-6-1969
,, 30-6-1974
,, 31-12-1974

VI. Loans and Advances

i) What are the different types of credit accommodations extended by the society to its members. Give information in the following form.

Type of loan	Rate of interest realised		
	As on 30-6-1969	As on 30-6-1974	As on 31-12-1974
i.			
ii.			
iii.			
iv.			

ii) Indicate the business under loans in the following form

Type of loan	No of members financed	Amount advanced during 68-69 Rs.	Amount outstanding as on 30-6 69 Rs.	No. of members financed	Amount advanced during 73 74 Rs.	Amount outstanding as on 30-6-74 Rs.	Amount outstanding as on 31-12 74 Rs.
Total							

Of the total S. T. agricultural loans outstanding, what was the amount outstanding against small farmers holding 3 acres or less.

As on 30-6-1969
As on 30-6-1974
As on 31-12-1974

iii) a) Indicate the position of overdues in the following form.

	No. of members in default	No. of loans involved	Amount involved	Below one year	One year and above but below three years	Three years and above	Total	% of total overdues to total loans outstanding
As on 30-6-69								
As on 30-6-74								
As on 31-12-74								

b) Loan-wise break up of overdues.

Type of loan	Overdues as on 30-6-1969	30-6-1974	31-12-1974
Total			

c) Action taken for recovery of overdues.

i) When a loan falls due but is not repaid, what is the action taken. Please indicate clearly what is done. Does the society issue a notice to the borrower and to sureties if any. If after that repayment does not come, does the society issue a registered notice or file arbitration petition. What is the usual time lag between a loan falling overdue and the filing of arbitration petition. What other action is taken for recovery of dues.

ii) Give the position of arbitration references filed.

	During 1968-69	During 1973-74
A. No. of arbitration references filed.		
B. Amount involved.		
C. No. of decrees, if any obtained.		
D. What was the amount recovered by executing decrees		

iv) A. **Short term loans (agrl) purposes**

Purpose-wise details

Crop	Loans issued during 1968-69	Loans issued during 1973–74
i.		
ii.		
iii.		
iv.		
Total.		

B. **Medium term loans (agrl) purposes.**

Purpose-wise details

Purpose	Loans issued during 1968-69	Loans issued during 1973-74.
Total.		

C. **S. T./M. T. loans (non-agricultural) purposes.**

Purpose-wise details

Purpose	Loans issued during 1968-69	Loans issued during 1973-74.
Total		

v) What is the usual security demanded for short-term and medium-term loans for agricultural purposes. Indicate the amount advanced on personal security.

vi) Average lending rate

As on 30-6-1974

Type of loan	Amount outstanding	Rate of interest	Products
1	2	3	4 (2 × 3)
i.			
ii.			
iii.			
iv.			
Total		Total (Products)	

Average lending rate: $\frac{\text{Total of products}}{\text{Total amount of loans outstanding}}$

VII. Non-Credit Activities

i) a) Fertiliser distribution—Indicate the business under this head in the following form.

Value of fertilisers sold

Type of fertiliser sold	No. of persons purchasing	1968-69 Rs.	P.	No. of persons purchasing	1973-74 Rs.	P.
i						
ii						
iii						

b) Of the number of persons purchasing, number of members of the society.

	1968-69	1973-74
No. of persons who purchased fertilisers		
of the above, number who are members of the society		

ii) Distribution of rationed articles and other consumer goods.

	1968-69 Rs. P.	1973-74 Rs. P.
a) Rationed articles		
b) Other consumer goods		
Total		

iii) Other non-credit business, if any, If so, give figures for the years 1968-69 and 1973-74 (Indicate whether the society has been marketing the produce of its members)

iv) Working result of non-credit business

	Gross Profit + Loss —	
	1968—69	1973—74
a) Distribution of fertilisers.		
b) Distribution of rationed articles and other consumer goods.		
c) Other non credit business.		

VIII a) Working result of the society (covering all activities)

	Profit + Loss —
1968—69	
1973—74	

b) Upto what period, the accounts have been audited. What was the audit classification

IX Management

a) Who are the present directors. Give information in the following form.

Name of Director	When elected to the Board	When the present term will expire.	What is the extent of land he holds	If he has been borrowing, what amount due from him as on 30-6-74	Overdues if any, as on 30-6-74	Has he been attending meetings of the Board. Howmany meetings did he not attend during 73-74

b) Besides attending the meetings of the Board, what are other specific functions assigned / or done by the directors.

c) Establishment in the Society. Give the following details.

i) What is the total number of staff (indicate category-wise)

ii) In respect of the Secretary and the person next to him, give the following information.

	Name	Age	Qualification	Training	Experience	Salary drawn as on 30-6-1974
Secretary						
Person next to him (Please indicate designation)						

iii) What was the total establishment and contingent expenditure

	Salary to staff	Other contingent expenditure	Total
1968-69			
1973-74			

X. Has the society its own building and godown. If so, give the following information.

	Building	Godown
a) When was it constructed.		
b) Total amount initially invested.		
c) Source of funds for the purpose of construction.		
d) Present book value.		

APPENDIX-III

Additional information sought on the basis of the advice from the Agricultural Credit Department, Reserve Bank of India, Trivandrum

1. Location : District :
   Taluk :
2. Area of operation (in acres)
3. Total estimated business potential
   Credit
   Non-credit
   Total
4. Net profit for 1972-73
5. Dividend declared:-
   1972-73
   1973-74
6. Whether the society has a full-time paid Secretary
7. No. of societies working in the area.
   Of which, number of societies dormant or defunct.
8. Are the remaining existing societies willing to amalgamate with the proposed Farmers Service Societies.
9. Business done by the existing societies other than the proposed Farmers Service Societies.
   Credit
   Non-credit
   Total

APPENDIX-IV

Norms		Marks (*Maximum*)
1. Coverage of Population $\frac{\text{Membership} \times 5 \times 100}{\text{Population}}$		
Upto 25%	1	
between 25% to 50%	2	
50% and above	3	3
2. % of borrowing members to total members		
Upto 25%	1	
between 25% to 50%	2	
50% and above	3	3
3. % of members holding 3 acres or less to total members		
Upto 25%	1	
between 25% to 50%	2	
50% and above	3	3
4. Share capital		
Upto Rs. 1,00,000/-	1	
Between Rs. 1,00,000/- and Rs. 2,00,000/-	2	
Rs. 2,00,000/- and above	3	3
5. Deposits		
Upto Rs. 50,000	1	
Between Rs. 50,000/- and Rs. 1,50,000/-	2	
Rs. 1,50,000/- and above	3	

Norms .		Marks (*Maximum*)
6. %of deposits from persons other than members		
Upto 25%	1	
Between 25% to 50%	2	
50% and above	3	3
7. Overdues to central bank under borrowings		
Upto 25%	2	
Between 25% to 50%	1	2
8. %of number of members borrowing S. T. (Agri.) loans to total member borrowing		
Upto 25%	1	
Between 25% to 50%	2	
50% and above	3	3
9. %of S. T. (Agri.) loans outstanding against members to total loans outstanding		
Upto 25%	1	
Between 25% to 50%	2	
50% and above	3	3
10. %of S. T. (Agri.) loans outstanding against small and economically weak farmers to total S. T. (Agrl.) loans outstanding		
Upto 25%	1	
Between 25% to 50%	2	
50% and above	3	3
11. Overdues %of overdues to total loans outstanding		
Upto 25%	3	

Norms		Marks (Maximum)
Between 25% to 50%	2	
50% and above	1	3
12. %of arbitration references filed during 1973-74 to No. of members in default as on 30-6-1974		
Upto 10%	3	
Between 10% to 33 1/3%	2	
33 1/3% and above	3	3
13. Society undertaking fertiliser distribution.	1	1
14. Society undertaking distribution of consumer articles.	1	1
15. %of net profit to paid up capital		
Upto 5%	1	
Between 5% to 10%	2	
10% and above	3	3
16. Audit Classification		
'A'	3	
'B'	2	
'C'	1	3
17. %of directors of the society holding more than 3 acres to total number of directors		
Upto 25%	3	
Between 25% to 50%	2	
50% and above	1	3
18. Chief Executive of the society		
Graduate with or without training	2	
S. S. L. C. with or without training	1	2
19. Society having godown	1	1
20. Society having building	1	1
Total Marks		50

APPENDIX-V

Progress Of Primary Agricultural Credit Societies

(Rupees in lakhs)

	1969-70	1970-71	1971-72	1972-73	1973-74
1. No. of societies	2160	2134	2039	2049	2026
2. Of which dormant	297	262	224	247	247
3; Membership (in thousands)	1536	1695	1757	1894	1995
4. No. of borrowing members (in thousands)	594	678	695	910	951
5. Paid-up capital	795	943	1124	1286	1383
6. Owned Funds	1070	1251	1492	1745	1887
7. Deposits	879	938	1067	1271	1698
8. Borrowings	2227	2653	3318	3703	3792
9. Loans issued					
Short-term	2112	2627	3070	3552	3738
Medium-term	465	386	515	539	712
Total	2577	3013	3585	4091	4450
10. Loan outstanding					
Short-term	2232	2868	3460	3702	4302
Medium-term	747	743	827	923	989
Total	2979	3611	4287	4625	5291
11. Overdues	714	1071	1283	1644	1886

APPENDIX-VI

Extract from Appendix III To The Kerala Co-operative Societies Rules, 1969. Credit societies–Agricultural Credit Societies, Composit Credit Societies,and Non–agricultural Credit Societies

Classification according to financial position		Staff pattern		
		Designation	No. of posts	Scale of pay
1		2	3	4
Class I	Societies with working capital of Rs. 50 lakhs and above and loan outstanding of Rs.25 lakhs and above.	Secretary	1	400-40-800
		Assistant Secretary/ Manager/Chief Accountant/ Chief Cashier	2	300-40-700
		Head Clerk/Accountant	4	225-20-325-25-450
		Senior Clerks/Cashier	4	175-15-250-30-350
		Junior Clerks/Junior Cashier/Appraiser/Typist	6	130-10-190-15-250
		Attender	5	90-6-150
		Peons		85-5-140

1		2	3	4
Class II	Societies with working capital of Rs. 25 lakhs and above but below Rs. 50 lakhs and loan outstanding of Rs. 15 lakhs and above but below Rs. 25 lakhs.	Secretary	1	350-35-700
		Assistant Secretary/ Manager/Chief Accountant	2	250-35-600
		Head Clerk/Accountant	1	200-25-450
		Cashier/Senior Clerk	3	175-15-250-20-350
		Junior Clerk/Typist/ Junior Cashier	4	130-10-190-15-250
		Attender } Peon }	3	90-6-150 85-5-140
Class III	Societies with working capital of Rs. 15 lakhs and above but below Rs. 25 lakhs and loan outstanding of Rs. 10 lakhs and above but below Rs. 15 lakhs	Secretary	1	250-15-340-20-400
		Accountant	1	125-8-165-10-225
		Senior Clerk	2	110-8-150-10-220
		Junior Clerk	1	100-8-140-10-200
		Attender	3	70-3-100-5-115
Class IV	Societies with working capital of Rs. 10 lakhs and above but below Rs. 15 lakhs and loan outstanding of Rs. 7.5 lakhs and above but below Rs. 10 lakhs	Secretary	1	175-10-275
		Accountant	1	110-8-150-10-220
		Senior Clerk	1	100-8-140-10-200
		Junior Clerk	1	90-5-130
		Attender	2	70-3-100-5-115

1		2	3	4
Class V	Societies with working capital of Rs. 5 lakhs and above but below Rs. 10 lakhs and loan outstanding of Rs. 3 lakhs and above but below Rs. 7.5 lakhs	Secretary Senior Clerk Junior Clerk Attender	1 1 1 1	125-8-165-10-195 90-5-130 80-5-120 70-3-100-5-115
Class VI	Societies with working capital of Rs. 2.5 lakhs and above but below Rs. 5 lakhs and loan outstanding of Rs. 1.5 lakhs and above but below Rs. 3 lakhs.	Secretary Clerk	1 1	90-5-130 80-5-120

Note: Societies having other non-credit activities such as distribution of consumer articles etc. may appoint additional staff required for the purpose according to necessity in consultation with Registrar.

APPENDIX-VII

Model Byelaws for the Farmers' Service Co-Operative Bank adopted by the Committee

NAME, CONSTITUTION & ADDRESS:

1 The.....Farmers' Service Co-operative Bank Ltd., No.....is registered as a co-operative society under the Kerala Co-operative Societies' Act of 1969. Its registered address shall be the.....Farmers' Service Co-operative Bank Ltd., Post.....in..... taluk in..... district. Its operations shall be confined to the.....Panchayat.

OBJECTS

2. (i) The main objective of the bank is to help farmers particularly small and marginal farmers. rural artisans, agricultural labourers, cottege and small scale industrialist and petty traders by providing them integrated credit and other services and facilities for increasing employment, production and income and by organising services for distribution of consumer goods.

(ii) In pursuance of the main objective, the bank may undertake one or more of the following functions and shall co-ordinate its activities with those of other institutions in the area and, wherever necessary, act as their agents.

(a) To grant short, medium and long term loans and advances to members mainly for productive purposes, and for meeting medical and educational expenses.

(b) To procure, purchase and supply agricultural inputs like fertilizers, seeds, manures, implements, cattlefeed, pesticides etc., fishery requisites, raw materials, machines, appliances etc. for cottage and small-scale industrial activities undertaken by members and domestic requirements and other necessary supplies.

(c) To procure, purchase and sell and grant loans on the security of agricultural produce, dairy, animal husbandry and fishery products etc. and cottage/small-scale industrial products of its members to their best advantage directly or through co-operative marketing societies or other agencies.

(d) To promote or own or hire processing units of agricultural produce, dairy and other animal husbandry products etc.

(e) To organise agricultural service activities by owning or hiring agricultural machineries like tractors, power tillers, bull-dozers, sprayers and pumpsets etc. or arrange for custom servicing for agricultural operations for the benefit of members.

(f) To render services for improving the breed of live-stock of the members by owning or arranging for the provision of stud bulls, breeding rams, pedigree stocks etc. and also to run or support a model dairy farm etc.

(g) To own or hire godowns to provide facilities to store the products of agriculture and agro-based industries for sale or to store the agricultural inputs meant for sale or for activities as are in the general interest of the community.

2 (h) To propagate and supply improved varieties of seeds and undertake schemes for the production and multiplication of such seeds and to purchase, own or acquire or obtain on lease, land for the purpose of carrying on agricultural operations as a model farm and for the dissemination of modern agricultural techniques.

(i) To undertake the construction of roads, sinking of wells construction and repairs of buildings, tanks, canals, irrigation works and other job works etc. by entering into contract with the Government, Local Bodies or individuals and execute the contract through or with the help of members with a view to providing seasonal employment.

(j) To organise, execute, own and maintain lift irrigation schemes etc.

(k) To encourage generally thrift, self-help and co-operation among the members.

(l) To open branches, depots, sale shops and showrooms, and workshops according to necessity in furtherance to the objects under the byelaws.

(m) To provide agricultural extension service for the benefit of members by employing necessary technical personnel and also by owning and running demonstration and model farms.

(n) To raise funds by way of deposits and borrowings from members and non-members, including co-operative and commercial banks, financial institutions and the Government.

(o) To act as an agent of the land development bank or the marketing society or processing society or any other society like housing Co-operative society, consumer co-operate society etc., which has jurisdiction over the area of operations of the society, for the disbursement and recovery of long term loans or the supply of agricultural inputs or consumer goods or the sale of agricultural produce or products of occupations like milk, eggs, etc. as the case may be.

(p) Generally to undertake such other activities as may be conductive to the promotion of economic interest of members, overall development of the area and the objects specified above as may be approved by the Financing Bank.

3) (a) DEFINITIONS.

(i) The term 'Financing Bank' occurring in the byelaws shall have the meaning assigned to the term under Section 2 (j) of the Kerala Co-operative Societies Act, 1969.

(ii) The term 'small farmers', 'marginal farmers', 'agricultural labourers' and 'petty traders' occurring in these byelaws shall be as defined by the Registrar of Co-operative Societies, subject to such amendment as he may make from time to time.

(b) CAPITAL

(i) The authorised capital of the bank shall be Rs. 20,00,000 made up of 150000 'A' class shares of Rs. 10/- each and 500 'B' class shares of Rs. 1,000/- each. 'A' class shares will be available only to individual members above the age of 18 years and 'B' class shares will be available only to the State Government and the financing bank.

(ii) 'A' class shares shall be paid in one or more instalments as may be determined by the Board of Directors.

(iii) 'B' class shares shall be payable in full on allotment by the Board.

(iv) The bank shall retire such 'B' class shares at such times and in such manner as may be agreed upon between the bank and the 'B' class share holder.

4. LIABILITY OF MEMBERS

The liability of members for the debts of the bank in the event of its being wound up shall be limited to the amount, if any, unpaid on the shares respectively held by them.

5. APPLICATION FOR ADMISSION

1) Applications for admission as members and for allotment of shares shall be made to the Managing Director in the form, if any, specified by the bank for the purpose along with a fee of Re. 1.

2) Every such application shall be disposed of by the Board of Directors within sixty days of receipt. The Board shall have power to grant admission or to refuse it, after recording reasons for such refusal.

Provided that the Board shall not refuse admission to a small farmer, marginal farmer or agricultural labourer unless otherwise disqualified in terms of the provisions of byelaw 6.

Provided further that any individual whose application for admission has been refused by the Board may appeal to the

Registrar, and if the Registrar so directs, he shall be admitted as a member by the bank on his paying the admission fee, if any, and on his subscribing to atleast one 'A' class share.

6. MEMBERSHIP

(1) Any person over 18 years of age who is competent to contract and is residing within the area of operations of the bank referred to in bylaw 1 shall be eligible for admission as an individual member.

(2) The State Government and the Financing Bank shall also be eligible for admission as members.

(3) Except with the general or specific permission of the Registrar of Co-operative Societies no individual, being a member of another primary co-operative credit society, shall be admitted as, or be, a member of the bank.

(4) No person shall be eligible for admission as a member of the bank if he has applied to be adjudicated an insolvent, or is an undischarged insolvent, or has been sentenced for any offence other than an offence of a political character or an offence not involving moral turpitude and a period of five years has not elapsed from the date of expiry of the sentence.

(5) Any member of the bank shall cease to be a member if he incurs any of the disqualifications mentioned in clause (3) and clause (4), or changes his residence permanently from the area of operations of the bank.

7. RESTRICTIONS ON HOLDING OF SHARES

(1) Every individual member shall hold atleast one 'A' class share. No such member shall hold more than such portion of the share capital as may exceed one-fifth of the issued share capital.

(2) With the sanction of the Board of Directors, a member, may, at any time, increase the number of shares held by him so as not to exceed the limit laid down in clause (1).

8. WITHDRAWAL OR RESIGNATION FROM MEMBERSHIP

(1) No member shall be permitted to withdraw any of the shares held by him in the bank, or to resign his membership of the bank, within five years from the date on which he was admitted as a member;

Provided, however, that a member may be permitted to withdraw, or resign his membership, in exceptional circumstances and with the approval of the Registrar of Co-operative Societies earlier than five years, but not earlier than three years from the date of his admission to membership;

(2) After the period specified in clause (1) a member may withdraw any of his shares with the consent of the Board of Directors, or resign his membership;

Provided, firstly, that there are no debts from him to the bank and secondly, that there are no debts due to the bank in regard to which he has stood surety.

(3) A member wanting to resign his membership of the bank shall send a letter of resignation to the Managing Director of the bank. His resignation shall take effect from the date on which it is accepted by the Board. The value of the share allowed to be withdrawn, or the share capital of a member who has resigned his membership, shall be paid back to him with the dividend declared, if any. The total share capital withdrawn or returned in any one year shall not, however, exceed ten percent of the aggregate paid-up share capital of the bank as it was on the 30th June preceding. This limit shall cover all refunds of share capital except those made under byelaws 9, 10 and 11.

9. REPAYMENT OF SHARES ON WITHDRAWAL

Should a member cease to be eligible for membership on account of his changing his residence permanently from the area of operations laid down in byelaw 1 or for any other reason mentioned in sub-clause (4) of byelaw 6 or should a member cease to be a member on withdrawal or resignation under byelaw 8 or on expulsion under byelaw 11, the Board of

Directors shall remove his name from the list of members and shall pay back, within a reasonable period, to such member in accordance with the provisions of the Co-operative Societies Act the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the bank either as principal debtor or as surety.

10. NOMINATION OF HEIR.

(1) If a member dies; his membership shall *ipso facto* cease.

(2) (a) Every member of the society may nominate a person or persons to whom in the event of his death, his share or interest in the capital of the bank shall be transferred or the value thereof and any other money due to him from the bank shall be paid. The number of persons so nominated, however, shall not exceed. The number of shares held by the member. The member may from time to time revoke or vary such nominations. The nomination shall in the event of his death, be given effect to by the Board of Directors provided that

(i) the nomination was signed by the deceased in the presence of atleast two witnesses attesting the same; and

(ii) The nomination has been registered in the books of the bank kept for the purpose.

(b) In the event of there being no person nominated by the deceased member qualified in accordance with the byelaws for membership of the bank, the bank shall transfer the share or interest of the deceased member to such person as may appear to the Board of Directors to be the heir or legal representative of the deceased within one month of the death of the deceased member;

Provided such heir or legal representative or nominee shall have been admitted by the Board of Directors as a member of the bank.

(c) In the event of there being no person qualified to succeed under sub-clause (a) or (b) of this clause, or on the application of the nominee, heir or legal representative of the

deceased member, the bank shall pay to such nominee. heir or legal representative, as the case may be, a sum representing the deceased member's share or interest at the time of his death, ascertained in the manner prescribed in the Rules;

Provided that nothing in this sub-clause shall prevent a minor or a person of unsound mind from acquiring by inheritance or otherwise, the shara or interest of a deceased member in the bank.

(d) Subject as aforesaid, the bank may pay all other moneys due to the deceased member from the bank to the person nominated by him in accordance with clause (2) (a) of this byelaw, or to such person as may appear to the Board of Directors to be the heir or legal representative of the deceased member, as the case may be.

11. EXPULSION OF A MEMBER

(1) Any member of the bank who has acted adversely to the interests of the bank, may be expelled upon a resolution of the general body passed at a special meeting convened for the purpose by the votes of not less than two thirds of the total number of members present and voting at the meeting.

(2) No member shall be expelled under sub-clause (1) above without being given an opportunity of making his representation.

(3) A copy of the resolution expelling a member shall be communicated to the member within a period of fifteen days from the date of passing of the resolution.

(4) A person who ceases to be a member on expulsion under this byelaw shall be paid all moneys due to him from the bank, after deducting there from any money due from him to the bank and he shall be liable as provided in byelaw 4 for the debts due by the bank as they stood on the date of cessation of membership for a period of two years from such date.

12. DEPOSITS.

(1) Deposits may be received from members or non-members.

(2) Deposits of various types such as current, savings, fixed, recurring, call, home safe chit fund etc. may be accepted by the bank on such terms and conditions as may be determined by the Board from time to time with the previous approval of the Financing Bank and the Registrar of Co-operative Societies.

13. OTHER BORROWINGS.

It shall be competent for the Board of Directors to borrow funds, otherwise than by way of deposits, either from members or from persons or institutions other than members on such terms and conditions as it deems fit; provided that the approval of the Financing Bank and the Registrar of Co-operative Societies as the case may be will be obtained for the borrowings from non-members.

14. MAXIMUM BORROWING POWER.

The maximum borrowing power of the bank by way of deposits and loans from members and non-members shall not exceed 20 times the paid-up share capital and reserve fund minus accumulated losses, if any.

15. LIST OF MEMBERS FOR GENERAL BODY.

(1) The Board of Directors shall maintain a list with full addresses of individual members of the bank holding 'A' class shares divided into two parts. Part I shall include those who are defined as small farmers, marginal farmers or agricultural labourers by the Registrar of Co operative Societies. Part II will include all the other individual members holding 'A' class shares.

(2) The Board shall bring such list up-to-date within 30 days before each meeting of the general body.

(3) No member shall be admitted during the thirty days preceding the date fixed for any general body meeting of the bank at which office-bearers are to be elected.

16. MEETINGS OF THE GENERAL BODY.

(1) The Board of Directors shall call atleast once a year an annual general meeting of the general body of the bank

(2) The Board of Directors may also, at any time, call a special general meeting of the general body of the bank for the conduct of its business and shall call such a meeting within one month of the receipt of a requisition in writing from one-fifth or more members, or from the Registrar or the Financing Bank

(3) The quorum for a general body meeting shall be one-fourth of the total number of 'A' class members on the list at the time, provided atleast two-thirds of the members present shall belong to part I of the list of members referred to in byelaw 15.

17. NOTICE OF MEETING OF GENERAL BODY

(1) Fifteen days' notice shall ordinarily be given to members before a meeting of the general body is convened.

(2) Notice for a general meeting may be given to members.

(i) by circulation of the notice book and getting signatures of members in it; or

(ii) by sending the notice by post under certificate of posting.

(3) In the case of amendments to byelaws of the bank, the notice shall specify the amendments proposed.

18. CONDUCT OF GENERAL MEETINGS

(1) The President, when present, shall preside at the meetings of the general body. In his absence, the general body may choose a President from among the members of the Board of Directors present at the meeting and if no member of the Board of Directors is present from themselves to preside at the meeting.

(2) Without prejudice to the power of the Registrar of Co-operative Societies to amend the byelaws of the bank,

every amendment of the byelaw shall be made only by a resolution passed by a two - thirds majority of the members present and voting at a meeting of the general body of the bank.

19. POWERS OF THE GENERAL BODY

(1) The ultimate authority in all matters relating to the administration of the bank shall be the general body.

(2) The general body shall not, however, interfere with the actions of the Board of Directors, or any officer of the bank, performed in the exercise of the powers conferred on them by the byelaws.

(3) The following among other matters, shall be dealt with by the general body:-

(i) the programme of activities for ensuing year;
(ii) the election, if any, of the members of the Board of Directors;
(iii) the removal of the elected members of the Board of Directors;
(iv) the approval of the annual budget of income and expenditure of the bank;
(v) the annual report of the bank to be sent to the Registrar of Co-operative Societies and the Financing Bank;
(vi) the latest audit report of the bank;
(vii) the amendment of byelaws, if any;
(viii) disposal of net profits; and
(ix) the expulsion of a member.

20. (1) There shall be a representative General Body to the bank for the purposes mentioned in subsections (2) and (3) of Section 27 of the Act.

(2) The Representative General Body shall consist of the following persons, namely:-

(a) All members of the committee;
(b) delegate of the Financing Bank;
(c) Representatives of the individual members not exceeding 50 persons;

(3) The representatives of the individual members shall be elected along with the election of the members of the committee at the rate ··· persons from each ward within the area of operation of the bank;

(4) The Representative General Body once constituted shall continue to hold office as such until the next Representative General Body is constituted.

21. MANAGEMENT

Board of Directors

(1) The management of the affairs of the bank shall vest in the Board of Directors consisting of eleven members. The Board shall remain in office for a period of three years.

(2) The services of the members of the Board shall be gratuitous, except as provided for in the Kerala Co-operative Societies Rules, 1969.

22. CONSTITUTION OF THE BOARD

(1) The Board of Directors will consist of eleven members as follows:-

A. Elected Members

Ten elected by the general body from among individual members holding 'A' class shares provided, however, that atleast six members of the Board of Directors shall be from Part I of the list of members maintained by the bank.

B. Ex-Officio

The Managing Director ex-officio appointed in terms of byelaw 28.

First Board of Directors

(2) Notwithstanding anything contained in this byelaw, the first Board of Directors shall be nominated by the Registrar of Co-operative Societies in consultation with the Financing Bank and this Board shall remain in office for a period of three years. In nominating the first Board the Registrar shall ordinarily follow the composition of the Board indicated in (1) above. The first Managing Director shall also be appointed by the Registrar of Co-operative Societies in consultation with the Financing Bank.

23. QUALIFICATIONS AND DISQUALIFICATIONS OF THE MEMBERS OF THE BOARD

(1) No person shall be eligible for election to the Board of Directors of the bank, if he

(a) is a paid employee of any society or the Financing Bank to which the bank is affiliated; or

(b) is in default to the bank, or to any other society, in respect of any loan or loans taken by him; or

(c) is interested directly or indirectly in any contract made with the bank, or in any sale or purchase made by the society privately, or in any auction, or in any contract or transaction of the bank (other than investment and borrowng) involving financial interests, if the contracts or transaction s be subsisting, or if the contract, transactions, sale or purchase be not completed.

(2) A member of the Board of Directors of the bank shall cease to hold his office as such, if he incurs any of the disqualifications mentioned in clause (1) above.

24. TERM OF OFFICE OF MEMBERS OF THE BOARD

(1) The term of the elected members of the Board shall be 3 years. A retiring member of the Board shall be eligible for re-election subject to such limits as may be prescribed in the Co-operative Societies Act and the Rules framed thereunder. The nominated director shall hold office during the pleasure of the authority nominating him.

(2) It shall be competent to the general body to remove, at any time, any member elected by them to the Board and elect another in his place.

(3) Any elected member of the Board of Directors may, at any time, resign from his office by sending a letter of resignation to the President, but such resignation shall take effect only from the date on which it is accepted by the Board.

(4) A member of the Board of Directors absenting himself from four consecutive meetings of the Board without its permission shall cease to be a member of the Board.

(5) Interim vacancies among the elected members of the Board of Directors shall be filled up in the manner prescribed in the Kerala Co-operative Societies Act, 1969 and the Rules framed thereunder subject to the provisions in byelaw 22 (1). Vacancy in the case of the nominated member shall be filled in by nomination by the Registrar of Co-operative Societies.

25. POWERS AND DUTIES OF BOARD OF DIRECTORS.

Amongst other things, the powers and duties of the Board shall be -

(i) to raise funds necessary for the purpose of carrying out the functions of the bank, in the form of deposits and loans, on such terms and conditions as they may determine;

(ii) to grant loans and advances to members on such terms and conditions as they may determine from time to time with the approval of the Financing Bank;

(iii) to sanction investment of the funds of the bank;

(iv) to sanction extension of the periods of loans which become due for repayment after recording the reasons for such extension in each case; subject to any rules prescribed in this behalf by the Registrar of Co-operative Societies and the Financing Bank;

(v) to admit members, allot shares and approve the transfer of shares;

(vi) to own or hire godowns, to provide facilities to store the products of agriculture and agro-based industries for sale or store the agricultural inputs, cattle feed, consumer goods, etc. meant for sale or for activities in the general interest of the community;

(vii) to arrange for the purchase and supply of agricultural and domestic requirements;

(viii) to organise agricultural service activities by ownig or hiring agricultural implements and machinery;

(ix) to organise processing of agricultural produce by owning or hiring processing units;

(x) to place before the general meeting of the bank the reports of audit and of inspection of the bank;

(xi) to scrutinise the annual budget of the bank and recommend the same to the general body for its approval;

(xii) to sanction such expenditure as may be necessary for the management of the bank;

(xiii) to frame regulations for the conduct of the business of the bank;

(xiv) to arrange for assembling and transport for the sale through co-operative marketing societies of agricultural produce of members;

(xv) to arrange for effective supervision over the utilisation of loans advanced and also for advisory services to the members by appointing the necessary qualified field staff;

(xvi) to examine periodically all cases of arrears and take proper action for their recovery;

(xvii) to arrange for the preparation of an agricultural development programme for the area of operation of the bank or the members and get the same implemented;

(xviii) to regulate, from time to time within the limits of the budget sanctioned, the strength of the bank's staff their salaries, allowances and service conditions and to make appointments to such posts subject to the Rules framed under Section 80 of the Kerala Co-operative Societies Act, 1969;

(xix) to affiliate the bank to the Financing Bank, Marketing Society and other co-operative institutions, sanction investment in their share capital and elect delegates to them;

(xx) to do such other acts and transact such other business as is consistent with the objects of the bank and as may be incidental to the administration of the bank.

26. MEETING OF THE BOARD

The Board of Directors shall meet once a month,or oftener if necessary, to conduct the affairs of the bank. The President when present shall preside over the meeting of the Board. In his absence, the Board of Directors may choose a President from among themselves to preside at the meeting The quorum for a meeting of the Board shall be six. All questions before the Board shall be decided by a majority of votes. If there is an equality of votes, the President or other presiding member shall have a second or casting vote. No

member of the Board shall be present at a meeting of the Board when any matter in which he is personally interested is being discussed. In case of an urgency, where there may not be sufficient time to convene a meeting of the Board, the Managing Director may obtain orders of the Board by circulation of papers among the members. The decisions arrived at by circulation shall be placed before the next meeting of the Board for their information. Should a difference of opinion arise in the course of such circulation the matter shall not be decided by circulation, but shall be placed before the next meeting of the Board.

27. PRESIDENT OF THE BOARD

(1) The Board of Directors shall elect the President in the very first meeting held after its constitution from among those directors who have been duly elected by the general body; provided that the first President shall be nominated by the Registrar of Co-operative Societies.

(2) The term of office of the President shall be three years.

(3) It shall be open for the Board to remove a President by a resolution to that effect passed in a meeting specially convened for the purpose and in which atleast six of the nine elected members are present or for the President to resign his office and for the Board to accept his resignation even before the expiry of his term.

(4) In the event of removal of the President or acceptance of his resignation, the Board shall proceed to elect a President as provided for in (1) above.

28. MANAGING DIRECTOR

(1) The appointment and removal of the Managing Director who shall be full-time paid officer shall be made by the Financing Bank in consultation with the Board of Directors.

(2) The Managing Director so appointed shall be an ex-officio member of the Board of Directors.

(3) The Managing Director shall have the following duties and responsibilities.

(a) to be responsible for the executive administration of the bank;

(b) shall exercise general control and supervision over the work of its officers and staff;

(c) shall be the person responsible for convening the meetings of the Board of Directors;

(d) to be responsible for the general conduct, supervision and management of the day-to-day business and affairs of the bank.

(e) to receive all moneys and securities on behalf of the bank and to make arrangements for the proper maintenance and custody of cash balance and other properties of the bank;

(f) to endorse and transfer promissory notes, government and other securities and endorse, sign, negotiate cheques and other negotiable instruments on behalf of the bank;

(g) to sign all deposit receipts and operate on the accoun- of the bank with other banks;

(h) to be the officer of the bank to sue or to be sued on behalf of the bank and sign all bonds and agreements in favour of the bank;

(i) to determine powers, duties and responsibilities of the employees of the bank;

(j) subject to the regulations to be framed by the Board of Directors, to enter into negotiations and contracts and rescind and vary such contracts and execute and do all such acts, deeds and things in the name and on behalf of the bank, in relation to any of the matters aforesaid or otherwise for the purpose of the bank;

(k) to delegate all or any of the powers, authorities and discretions vested in him, to an employee or employees of the bank, subject to the ultimate control and authority being retained by him with the approval of the Roard of Directors.

29. LOANS

(1) Loans and cash credits shall be given only to members; provided that loans and cash credits on the security of fixed

deposiis and with the prior approval of the Registrar against Government and trustee securities, Life Insurance Corporation policies and jewels may be sanctioned even to those persons who are not members of the bank.

(2) Loans and cash credits to members shall be sanctioned by the Board of Directors.

Provided that loans to members and non-members against the securities referred to in clause (1) above may be granted also by the Managing Director on such terms and conditions and within such limits as may be laid down by the Board.

(3) The Board shall frame rules to be approved by the Financing Bank and the Registrar of Co-operative societies governing the purposes, the security, the period, the rate of interest and such other terms and conditions in respect of the loans and cash credits that may be sanctioned by it to members and non-members.

(4) The Board shall also frame rules, to be approved by the Financing Bank and the Registrar of Co-operative societies governing the terms and conditions on which it may grant conversions to short-term loans into medium-term loans or extension to the period of repayment of any loans due to the bank from members and non-members.

(5) Every member who sells the products of his business viz., agriculture, dairying, poultry-keeping, piggery, sheep-rearing, cottage industry etc. shall be bound to sell it through the bank or an agency specified by the Board of Directors and agree to have the loans or instalments of the loans due to the bank adjusted out of the sales proceeds to the extent specified by the Board.

(6) Should the Board of Directors be of opinion that a loan or cash credit granted by the bank has been misapplied, it shall at once recall it and take steps to recover it with interest, without waiting for the expiry of the period for which it had been granted.

(7) When a sanction for a loan or cash credit is cancelled by the Board of Directors under clause (6) on account of

its misapplication, the loan amount shall at once be recalled. When the loan or cash credit is so recalled, the Board of Directors shall inform the borrower of the fact and of the amount outstanding against him, including interest upto the date of recall of the loan. On the total amount so found due, the borrower shall be charged additional interest at ½ paisa per rupee per mensem, from the date of recalling the loan to the date of recovery and steps shall be taken without delay to recover the amount.

(8) When a surety dies, or ceases to be a member under byelaw 9 or 11, the principal borrower shall at once inform the bank of the fact and either repay immediately the loan due from him with interest upto the date of payment or execute a fresh bond with one or more fresh sureties acceptable to the Board of Directors. If arrangements are not made to repay the loan within a time to be fixed by the Board of Directors, or if a fresh surety or sureties is or are not, produced, or when a member who has borrowed from the bank on the mortgage of immovable property borrows elsewhere on the mortgage of the same property, or sells the property already mortgaged to the bank without the previous sanction of the Board of Directors, or if the security for the land is found at any time inadequate and the member fails to furnish additional security or otherwise render the security for the loan adequate within such time as the Board shall fix, the loan shall at once be recalled without reference to the period for which the loan was given and action taken as laid down in caluse (6). In respect of such accounts also additional interest shall be charged at ½ paisa per rupee per mensem from the date of recalling the loans to the date of recovery.

(9) If a member becomes ineligible for membership at any time and his name has on that account to be removed from the list of members under byelaw 9, or should a member be expelled under byelaw 11, the loan or cash credit, if any, due from the member concerned shall at once be recalled, without reference to the term for which the loan or cash credit was granted and action shall be taken to recover from the borrower the amount outstanding against him, including

interest upto the date of recalling the loan or cash credit. Additional interest shall be charged at ½ paisa per rupee per mensem on the amount so found outstanding from the date of recalling the loan or cash credit to the date of recovery.

(10) The Managing Director shall arrange for verification of the security for the loans advanced as often as necessary and in any case atleast once a year.

30. APPROPRIATION OF PAYMENT FROM MEMBERS

When a member, from whom money is due, pays any sum, it shall be appropriated in the following order:-

firstly, to fees, postal registration and other miscellaneous charges due from him.

Secondly, to interest; and
thirdly, to principal

31. BANKER'S CHARGE ON MEMBER'S SHARE ETC.

The bank shall have a charge upon the paid-up share capital, deposit and any other money to the credit of the member, or a past or deceased member, in respect of any debt due to the bank from such member or past member or the estate of such deceased member and the society may set off any sum credited or payable to a member or past or deceased member, or the estate of a deceased member, in, or towards payment of any such debt.

32. SUPPLY OF AGRICULTURAL AND DOMESTIC REQUIREMENTS OF MEMBERS

The Board of Directors shall frame suitable subsidiary regulations with the approval of the Financing Bank and the Registrar of Co-operative Societies for the conduct of its business as principal or as an agent in the supply of agricultural or domestic requirements or the requirements of cottage or small scale industry.

33. MARKETING OF PRODUCE

The Board of Directors shall frame suitable subsidiary regulations with the approval of the Financing Bank for the business as principal or agent in the marketing of agricultural produce or the products of dairy, poultry, piggery, sheep-rearing or of cottage or small-scale industry belonging to its members.

34. GODOWNS

(1) The Bank may arrange for the safe custody of the produce of members either in the godowns of the bank or in other suitable places, to enable them to stock the produce for sale at advantageous prices. It may construct, pruchase or hire one or more godowns for keeping the produce or finished products pledged to the bank by members for loans given to them as well as for mere storage without loans, of the produce brought by members and charge a reasonable rent on the scale to be fixed by it, from time to time, for the use made of these godowns. It may also arrange for the insurance of the produce pledged.

(2) The Board of Directors shall frame suitable subsidiary regulations governing the custody, storage and release of stocks from the godowns, insurance, rent etc., subject to approval by the Financing Bank and the Registrar of Co-operative Societies.

35. DISPOSAL OF NET PROFITS.

(1) The bank shall, out of its net profits in any year, -

(a) transfer an amount not being less than twentyfive percent of the profits to the reserve fund, and

(b) credit such amount as prescribed in section 56 of the Kerala Co-operative Societies Act 1969 to the 'Co operative Education Fund'.

(2) The balance of the net profits may be utilised for all or any of the following purposes, viz.,

(a) payment of dividend to members on their paid-up capital at a rate not exceeding ten percent;

(b) constitution of, or contribution to, one or more of the following funds, viz.,

(i) Bad debt fund.

(ii) Dividend Equalisation Fund,

(iii) Building Fund,

(iv) Agricultural Credit Stabilization Fund,

(v) Any other Fund approved by the general body;

(c) Donations of amounts not exceeding seven and a half percent of the net profits to a 'Common Good Fund' to be utilised for any of the purposes mentioned in section (2) of the Charitable Endowments Act, 1890.

(d) Payment of bonus to employees of the bank to the extent and in the manner determined by the general body subject to the provisions in the Payment of Bonus Act, 1965.

3) Any profits not appropriated in the manner aforesaid in any year, shall forthwith be added to the Reserve Fund.

Note: Notwithstanding anything contained in the above byelaw, if, in any year, the overdues against members in respect of loans due from them exceed 40 percent of the demand, the entire net profit of that year shall be carried to the Bad Debt Fund subject to provisions contained in sub-sections (a) and (b) of Section 56(1) of the Kerala Co-operative Societies Act 1969.

36. UNCLAIMED AMOUNTS TO BE CARRIED TO RESERVE FUND.

Any amount due by the bank and not claimed within the period of limitation allowed by the Indian Limitation Act, shall be added to the reserve fund of the bank.

37. If any dues to the bank including loans and interest thereon which are found irrecoverable, it shall be open to the general body to write off such amount if certified as such by the auditor appointed under the Kerala Co-operative Societies Act, 1969 after obtaining the sanction of the Registrar of Co-operative Societies.

38. FINANCING BANK'S RIGHT TO INSPECT.

It shall be open for the Financing Bank to inspect the books and accounts of the bank.

30. ANNUAL STATEMENTS.

(1) The bank shall prepare annually, in such form as may be specified by the Registrar:-

(a) a statement showing the receipts and disbursements for the year;

(b) a profit and loss account;

(c) a balance-sheet; and

(d) such other statements as may be specified by the Registrar.

(2) These statements shall be made up to the 30th June and a copy of each shall be sent to the Registrar and the Financing Bank within thirty days after the close of the co-operative year ending 30th June. After the Registrar has verified the statements and granted his audit certificate, the bank shall publish such of the statements as he may direct in the manner specified by him.

40. LIST OF MEMBERS

The list of members prepared in accordance with byelaw 15 shall be kept open at the office of the bank during office hours for inspection by any member of the bank. It shall be the duty of the Managing Director to supply copies of the list to each of the members as desire to have them on payment of such fees as may be specified by the Board of Directors in this behalf.

41. BANK TO KEEP COPY OF ACT, RULES AND BYELAWS.

The bank shall keep a copy of the Co-operative Societies Act and of the Rules governing the bank and of its byelaws open to inspection free of charge, at all reasonable times at the registered address of the bank.

APPENDIX-VIII

List of Agricultural Credit Co-operative Societies Provisionally Selected for Reorganisation Into Farmers Service Co-operative Banks

I. KOZHIKODE DISTRICT

1. Chathamangalam Service Co-operative Bank Ltd
2. Chelannur Thamarasseri S.C.B. Ltd.
3. Kadalundy S.C.B. Ltd.
4. Koduvally S.C.B. Ltd.
5. Koodaranhi S.C.B. Ltd.
6. Pantheerankavu S.C.B. Ltd.
7. Thiruvambadi S.C.B. Ltd.
8. Vengeri S.C.B. Ltd.
9. Nadapuram S.C.B. Ltd.
10. Sultansbattery S.C.B. Ltd.
11. Poothadi S.C.B. Ltd.
12. Kalpetta S.C.B. Ltd.
13. Pulpally S.C.B. Ltd.
14. Mannur S.C.B. Ltd
15. Madakkimala S.C.B. Ltd.

II. CANNANORE DISTRICT

1. Anjarakandy S.C.B. Ltd., No. 1141
2. Thirunelly S.C.B. Ltd., No. 4889
3. Alakode S C.B. Ltd., No. LL 239
4. Azhikode S.C.B. Ltd., No. F 1149
5. East Eleri S.C.B. Ltd., FF. 32
6. Eruvassy S.C.S. Ltd., No. LL 171
7. Mananthody S.C.B. Ltd., No. F. 4034
8. Naduvil S.C.B. Ltd., No. LL. 136
9. Payyannur S.C.B. Ltd., No. LL 179
10. Trikaripur S.C.B. Ltd. Ltd., No. F.11
11. West Eleri S.C.S. Ltd., No. C.62
12. Mayyil S.C.B. Ltd.
13. Thadikadavi S.C.B. Ltd.

14. Badadka S.C.S. Ltd.
15. Madikai S.C.B. Ltd.
16. Kuttikkole S.C.S. Ltd.
17. Nadiyanga S.C.S. Ltd.
18. Elikkal S.C.B. Ltd.
19. Nileswar S.C.B. Ltd.
20. Panathady S.C.S. Ltd.
21. Cheruvathur S.C.B. Ltd.

III. MALAPPURAM DISTRICT

1. Amarambalam S.C.B. Ltd,, No. F. 1099
2. Chungathra S.C.B. Ltd., No. F. 1807
3. East Ernad S.C.B. Ltd., No. D. 1946
4. Karuvarakundu S.C.B. Ltd., No. F. 1191
5 Perintalmanna S.C,B. Ltd., No. P. 534
6. Kolathur S.C.B. Ltd., No. P. 574
7. Melattur S.C.B. Ltd., No. F. 1183
8. Angadipuram S.C.B. Ltd., No. P. 581
9. Ponnani S.C.B. Ltd., No. F. 4841
10. Parappanangadi S.C.B. Ltd., No. 2561
11. Kuttipuram S.C.B. Ltd., No. F. 1253

IV. PALGHAT DISTRICT

1. Elapully S.C.B. Ltd. No. F. 1193
2. Peruvemba S.C.B. Ltd., No. F. 1648
3. Palghat S C.B. Ltd., No. F. 1200
4. Alathur S.C.B. Ltd., No. F. 1222
5. Kottayi S.C B. Ltd , No. F. 1223
6. Kannambra S.C.B Ltd , No. F. 1221
7. Thachampara S.C.B. Ltd., No. 3150
8. Koduvayur S.C,B. Ltd., No. F. 1220
9. Pallassena S.C.B. Ltd., No. F. 1589
10. Vadavannur S.C.B Ltd., No. F. 1217
11. Ayaloor S.C.B. Ltd., No 509
12. Koppam S.C.B. Ltd., No. F. 1205
13. Vellapuzha S.C.B. Ltd., No. F. 1207
14. Vaniamkulam S.C.B. Ltd., No. F. 1209
15. Kumaranallur S.C.B. Ltd., No. F. 970
16. Mangalamkunnu P.C.C.S.C.S. Ltd., No. F. 1213
17. Pattambi S.C.B. Ltd., No. F. 1204
18. Sree Ramakrishna S.C.B. Ltd., No. P. 280

19. Perumatty S.C.B Ltd.
20. Muthalamada S.C.B. Ltd.
21. Pattancherry S.C.B. Ltd.

V. TRICHUR DISTRICT

1. Kallur Vadakkummuri S.C.S. Ltd., No. 628
2. Killimangalam S.C.S. Ltd., No. 25
3. Kodassery Elinjipra S.C.S. Ltd., No. R. 228
4. Cheruthuruthy S.C.S. Ltd., No. 121
5. Pazhayannur S.C S. Ltd., No. 71
6. Pudukkad S.C.S. Ltd., No. 580
7. Meloor S.C.S. Ltd., No. R. 196
8. Kattoor S. C. S. Ltd., No. 426
9. Poovathunkadavu C. S. No. 4686
10. Nadathra S. C. S. Ltd., No. 3499
11. Engandiyur S. C. S. Ltd., No. F 977
12. Ammadam S. C. S. Ltd., No. 533
13. Puthur S. C. S. Ltd., No. 345
14. Puranattukara C, S. Ltd. No. 3324
15. Pananchery S. C. S. Ltd. No. 541
16. Kuttikkad S. C. S. Ltd. No. 572
17. Karuvannur S. C. S. Ltd. No. 112
18. Pariyaram C. S. Ltd., No. 593
19. Kodakara S.C.S.Ltd., No. 122.

VI. ERNAKULAM DISTRICT.

1. Edavanakad S.C.B. Ltd.
2. Keezhmad S.C. S. Ltd., No. 2681
3. Kalloorkad S.C.S. Ltd., No. 2605
4. Kalady S.C.S. Ltd., No. 3789
5. Neericod S.C.S. Ltd., No. 1682
6. Pothanicad S.C.S. Ltd., No. 3510
7. Kongorpilly S.C.B. Ltd., No. 3847
8. Koothattukulam S.C.B. Ltd., No. E 45
9. Varapuzha S.C.S. Ltd., No. 1582
10. Vaduvucode S.C.S. Ltd., No. 651
11. Maradu S.C.S. Ltd., No. 43
12. Kadungalloor S.C.S. Ltd., No. 2165
13. Vadakkekara S.C.S. Ltd., No. 137
14. Parur Vadakkekara S.C.S. Ltd., No. 3131

VII. IDUKKI DISTRICT.

1. Alacode S.C.B. Ltd., No. 1588
2. Arakkulam S.C.B. Ltd., No. 1299
3. Kudayathur S.C.B. Ltd., No. 3316
4. Murikkassery S.C.B. Ltd., No. K. 355
5. Konnathady S.C.B. Ltd., No. K. 260
6. Vellathuval S.C.B. Ltd., No. K. 71
7. Kattapana S.C.B. Ltd., No. 3738
8. Thankamony S.C.B. Ltd., No. K. 281
9. Vandanmedu S.C.B. Ltd., No. K. 244
10. Santhigram S.C B. Ltd., No. K. 180
11. Mannakandam S.C.B. Ltd., No. 3045
12. Erattayar S.C.B. Ltd.,

VIII. QUILON DISTRICT.

1. Thevalakkara S C.B. Ltd., No. 4047
2. Karunagappally S.C.B. Ltd., No. 1343
3. K. S. Puram S.C.S Ltd., No. 995
4. Sooranad Peoples S.C.S. Ltd., No. 1136
5. Aruvappulam S.C.B. Ltd., No. 680
6. Pattazhi S.C.S. Ltd., No. 1023
7. Arackal S.C.B. Ltd., No. 1858
8. Anchal S.C.B. Ltd., No. 2574
9. Mathra S.C.B, Ltd., No. 314.
10. Chithara S.C.B Ltd., No. 2818
11. Kadakkal S.C.B. Ltd., No 3456
12. Kareepra Panchayat S.C.S. Ltd., No. 3827
13. Ezhucone S.C.S, Ltd.; No. 2935
14. Adichanalloor S.C.S. Ltd., No. 2609
15. Nadakkal S.C.S. Ltd., No. 1874
16. Kalakode S.C.B. Ltd., No. 1194
17. West Quilon S.C.B. Ltd., No. 273

IX. KOTTAYAM DISTRICT.

1. Kanakkary S.C.B. Ltd., No. 4069
2. Aymanam S.C.B. Ltd., No. 750
3. Kaduthuruthy R.S.C.B. Ltd. No. 4061
4. Ramapuram R.S.C.B. Ltd., No. 4111
5. Vazhoor S.C.B. Ltd., No. 2278
6. Thidanad S.C.B. Ltd., No. 3990

7. Kidangoor S.C.B. Ltd., No. 3431
8. Kangazha S.C.B. Ltd., No. 1145
9. Nendoor S.C.B. Ltd., No. 2641
10. T.V. Puram S.C.B. Ltd., No. 622
11. Erumeli S.C.B. Ltd., No. K. 113
12. Erattupetta S.C.B. Ltd., No. 1660
13. Melukavu S.C.B. Ltd., No. 3183
14. Thalappulam S.C.B. Ltd , No. 3937
15. Kuravilangad S.C.B. Ltd., No. 1049
16. Uzhavoor S C.B. Ltd., No. 3810
17. Anicad R.S.C.B. Ltd., No. 3867

X. ALLEPPEY DISTRICT.

1. Parayakkad S.C.S. Ltd., No. 2869
2. Puthiyavila S.C.S. Ltd., No. 631
3. Ezhupunna S.C.S. Ltd., No. 1124
4. Pattanakkad S.C.S Ltd., No. 1144
5. Kumarapuram SCS. Ltd; No 2147
6. Puthuppally SCS. Ltd; No. 1900
7. Kandallur SCS. Ltd; No. 1410
8. Pathiyoor Village SCS. Ltd., No. 1282
9. Ramankary SCS. Ltd., Eo. 4041
10. Umayattukara SCS. Ltd., No. 499
11. Anicad SCS. Ltd., No. 113
12. Champakulam SCS. Ltd., No. 1256

XI TRIVANDRUM DISTRICT

1. Malayinkil SCB. Ltd., No. 605
2. Ayroopara SCS. Ltd., No. 2154
3. Chirayikil SCB. Ltd., No. 1155
4. Vakkom SCS. Ltd. No. 542
5. Anad SCS. Ltd., No. 919
6. Nanniyode SCB. Ltd.. No. 1161
7. Venjaramoodu SCS. Ltd., No. 2419
8. Koliyoor SCS. Ltd., No. 2665
9. Pallickal SCS. Ltd., No. T 230

APPENDIX IX

Proforma of Schedule eliciting information from the people residing in a panchayat to be covered by the Farmers' Service Co-operative Bank.

GENERAL INFORMATION

Name of Panchayat
Name of Village
Ward No.
House No.
Name of the House

I. (i) Name of the head of the family.

(ii) No. of members of the family

	No.	Of whom residing outside the Panchayat
Male		
Females		
Children (15 years of age or below)		

(iii) a) What is the standard of literacy/ education of the members of the family

	No.	Education upto
Head of the family		
Others		

b) How many children are going to school or college.

(iv) Profession of the head of the family

(v) No. of earning members in the family

(vi) Total annual income/receipts from farming activity/employment/work of the earning members.

	Head of the family Rs.	Other members of the family Rs.	Total Rs.
a) Farming activity			
b) Other subsidiary occupations			
c) Employment			
d) Other work			

(vii) Is any member of the family working outside the Panchayat) State

	No. Working
Outside the Panchayat	
Outside the State	
Outside the Country	

(viii) Do you receive any periodical remittances from the members of the family employed outside. If so, what is the amount generally received during a year.

(ix) a) Have you a house of your own?
b) What is the nature of construction. Is it a pucca house or otherwise.

(x) Do you own any vehicles.
Hand cart
Bullock cart
Cycle
Others, if any

ii. FARMING ACTIVITY.

i) Extent of land possessed by the household.

Location	Survey No.	Extent: Dry Land	Extent: Wet Land	Total	Nature of rights over the property
Head of the family					
Others					

ii) Nature of crops raised.

Crops raised (*Please indicate*)	Extent of land under the crops: Dry land	Wet land	Total

(In the case of crops like coconut, arecanut and other tree crops, the total number to trees under each head be indicated).

iii. a) Who cultivates the land. Do you employ hired labour for agricultural operations.

b) What are the nature of operations for which you hire labour.

c) What was the number of agricultural labourers employed by you during the last season and what amount was paid as wages.

d) What is the nature of irrigation facility available to you. Is there a well and/or pumpset.

e) Do you follow improved agricultural practices. Do you get

required technical advice? Are you satisfied with the arrangements now available for technical advice? If not what according to you are the different aspects in which you may require better advice.

f) What was the quantity of fertilisers you had purchased last season? Which are the crops for which you have been applying fertilisers?What is your experience in getting fertilisers of the right type and at the right time? Do you think any improvements are to be made in the availability of fertilisers? What has been your experience in getting increased yield by fertiliser application?

g) What are your season-wise requirements of fertilisers for the ensuing year?

h) Have you been using improved seeds. What has been your experience in getting improved seeds in time.

i) Have you been in the practice of applying pesticides/insecticides? What has been your experience in getting your requirements in time.

j) Do you possess any agricultural implements? If so, please state.

k) Do you think that agricultural operations could have been simplified or made more paying

If you had any other agricultural implement/machinery.

l) Do you maintain draught animals? If not what do you do for tilling the land.

m) In the case of tree crops, are you satisfied with the yield you have been getting. If not, do you think the yield could be improved by adopting any measures. What are those?

n) How do you sell the agricultural produce raised by you? Do you sell by making arrangements by yourselves or through any society or through brokers? If through intermediaries / brokers are you bound by any oral/ written contract to sell the produce to him. Are you indebted to him?

o) What was the total receipts and expenditure under farming operations last year.

A RECEIPTS Rs.

By sale of produce
By sale of hay etc.

Total .....

B. EXPENDITURE

Cost of seeds
Cost of fertilisers
Cost of pesticides, insecticides

Irrigation charges
Cost of labour
employed .....
Others
Total .....

C. Difference between 'B' & 'A'

III. SUBSIDIARY OCCUPATIONS

i) What subsidiary occupation other than farming do you undertake? If no subsidiary occupation is undertaken, the reasons may be given.

ii) Where do you sell the products of your sibsidiary occupation?

IV. FARMING OPERATIONS AND SUBSIDIARY OCCUPATIONS.

GENERAL

i) Do you think you and the members of your family have full time work in connection with the farming and other subsidiary occupations now undertaken? If not, have you any specific suggestions to make to profitably use the leisure time, such as any other subsidiary occupation.

ii) Have you any suggestions to make in the light of past experience, to improve the earning capacity of your farm which you would have tried if credit was available.

V. CREDIT FOR YOUR FARMING OPERATIONS.

Are you able to meet the expenditure on farming operations by

the savings you have or do you borrow? If you borrow, please indicate the source etc. for your borrowings last year.

Source	Period of repayment	Amount borrowed Rs.	Amount now outstanding Rs.	Rate of interest	Security

VI. YOUR ASSOCIATION WITH CO-OPERATIVES

i. Are you and other members of your family members of primary agricultural credit society and/or primary land development bank? If so, please indicate.

Name (Head of the family and others separately)	Name of the society.	Membership No	Amount borrowed during last year				Amount outstanding				Amount in default			
			S.T.	M.T.	L-T.	Total.	S.T.	M.T.	L.T.	Total	S T	M.T.	L.T.	Total
1	2	3	4				5				6			

ii. The purposes for which you had taken loans last year.

Purpose	Amount borrowed (Please indicate whether S. T. M. T or L. T)	Rate of interest

Name and signature of the person collecting the information.

(Signature of the head of the family)

APPENDIX X

Programme of action

FINANCING BANKS

1. The State Co-operative Bank will furnish the list of societies selected for reorganisation into Farmers' Service Co-operative Banks according to the ranking given on the basis of norms approved by the Committee.

2 The Central Co-operative Banks will immediately make the final selection of two societies from among the first five societies and will get in touch with the office-bearers of the selected societies and prepare the ground for the changeover so that two societies in every district start functioning as Farmers' Service Co-operative Banks by the 26th of January, 1976.

3. The Central Co-operative Banks will, pending actual reorganisation, give the societies necessary guidance for the collection of basic data pertaining to the overall situation of the Panchayat to be served and of the people who reside there.

4. The Central Co-operative Banks on approval of the model byelaws by the Department will give necessary advice to the societies for the adoption of the byelaws and submission of papers for registration by the accepted date of 25th December, 1975.

5. The State Co-operative Bank will designate an officer who will have a continuous review of the progress made in the implementation of the scheme and help the central co-operative banks and the selected societies to tide over difficulties, if any, faced. Action on similar lines may be taken by the central co-operative banks.

6. The Central Co-operative Banks will initiate action in preparing a panel of persons in the category of clerks, from whom, on a decision of the Central Bank in consultation with the Board of Directors of the Farmers' Service

Co-operative Bank, a person will be sent to act as the Managing Director of the concerned Farmers' Service Co-operative Bank.

7. With the completion of all formalities and the commencement of working of the selected two societies in each district by the 26 th January, 1976 the central banks should start to take necessary steps to re-organise all the selected 168 societies into Farmers' Service Co-operative Banks by June, 1977.

DEPARTMENT OF CO-OPERATION.

1. The model byelaws of Farmers' Service Co-operative Bank may be approved by the 10 th of December and the selected societies, to begin with the two societies approved for immediate reorganisation, may be advised to convene meetings of the general body to adopt the new byelaws. The registration of byelaws may be completed by 25 th of December, 1975.

2. Suitable instructions may be issued to the Deputy Registrars of Co-operative Societies to see that the papers received for registration of new byelaws are expeditiously disposed of and also to extend necessary assistance to the societies and the central banks in achieving the target set for the reorganisation of societies into Farmers' Service Co-operative Banks.

3. Necessary exemption from the operation of the relevant sections of the Kerala Co-operative Societies Act and the Rules may be given enabling the Farmers' Service Co-operative Bank to appoint Managing Director with a seat on the Board.

4. Necessary exemption from the operation of the relevant section of the Kerala Co-operative Societies Rules may be given facilitating the disbursement of long-term loans pending necessary amendments to the Law.

பதிவாளர் அலுவலக நூல் நிலையம்
வரிசை எண்.....
3 மார்ச் 1986

LIST OF CORRECTIONS

Page	Para/Line	Correction
2	Para 3—1st line	For 'follow in' read 'following'
3	Para 6—4th line	For 'are' read 'were'
11	Para 2.1—9th line	For 'societies' read 'societies'
17	Item 12—2nd line	For 'activites' read 'activities,
23	Para 4.7, last line	For 'Farmers' Co-operative Banks' read 'Farmers' Service Co-operative Banks'.
25	Para 4.10 2nd line	For 'developmenta' read developmental.
29	Item x	For 'Borroing' read 'Borrowing'
32	Item 2	For 'af' read 'of'
33	8th item of tabular form against item V (i)	For '30-12-'74' read '31-12-'74'
42	Item 5—Deposits	Maximum marks be read as 3
43	Item 8	For 'total member' read 'total members'.
49	2 (i) - 3rd line	For 'cottege' read 'cottage'
50	(h)	The digit '2' may be treated as not appearing
51	(o) 5th line	For 'society' read 'bank'
51	(p) 2nd line	For 'conductive' read 'conducive'
55	10(2)(a)-1st line	For 'society' read 'bank'
	-do- -6th line	(.) after exceed to be removed and the line following read in continuation.
56	7th line from the beginning.	For 'shara' read 'share'
56	11(3)-1st line	For 'shal' read 'shall
61	23(c) 3rd line	For 'society' read 'bank'
65	(g) 1st line	For 'accoun-' read 'account'
65	(h) 2nd line	For 'agreet' read 'agree-'
65	(k) 5th line	For 'Roard' read 'Board'
66	1st line	For 'deposiis' read 'deposits'
67	Item 8-19th line	For 'caluse' read 'clause'
68	31-5th line	For 'society' read 'bank'
68	33-2nd line	Read 'Registrar of Co-operative Societies' along with 'Financing 'Bank'
69	34-4th line	For 'pruchase' read 'purchase'
82	III (ii) - 2nd line	For 'Sibsidiary' read 'Subsidiary'

3 மார்ச் 1986



C-736

C 736

REPORT OF THE COMMITTEE ON RE-ORGANISATION OF PRIMARY CO-OPERATIVE SOCIETIES AS FARMERS' SERVICE CO-OPERATIVE BANKS

C 736

C 736

The Kerala State Co-operative Bank Ltd.
TRIVANDRUM

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