

No. 15-120-2001/ADT/RCS/2971
Office of the
Registrar of Co-op. Societies,
Govt. of Goa, Panaji.

Dated: 26/11/2015

CIRCULAR

Sub: Macro Level Norms

It has come to the notice of this office that some of the Urban Coop. Credit Institutions and Salary Earners Coop. Credit Societies are indulging in a business which is not advisable to the Financing Institutions like that of Urban and Salary Earners Coop. Credit Societies. It is needless to emphasize that these institutions are organized for the benefit of the members. The main objectives of these institutions is to inculcate the habit of thrift among the members and to tie over their financial needs whenever necessary. The deposit kept by the members in their institutions needs to be fully guaranteed and protected on one hand and on the other hand they are to be rewarded with the reasonable returns to their savings.

Considering this aspect, the management has to take due care as the custodian of the deposit of their member and therefore, the optimum utilization of the fund of society is indispensable. Instances have brought to the notice that savings of the members and the borrowings of the institutions have been utilized in an unplanned manners thereby depriving the members, not only to their due return on investment but even the initial deposit have been eroded to the level of reduced proportion. Under such circumstances the need have been arisen that the management of all the Urban Cooperatives have to woke to the situation and ensure that the societies of which they are managing the affairs should not be degenerated either by their known or unknown actions.

The different portfolios of the finance should be planned executed and assessed in such a manner that it will create a balance close to the perfection under given condition and circumstances. For the benefit of management of the Urban Coop. Credit Societies and Salary Earners Coop. Credit Societies, the following norms could be adopted for the macro level fund management at every point of time:-

Contd..../-

RESOURCES

1. Share Capital	5%	of total of Balance sheet
2. Reserves and other funds	6%	”
3. Deposits and Borrowings	84%	”
4. Other Liabilities	3%	”
5. Net Profit	2%	”

UTILISATIONS

1. Cash in hand	5%	of total of Balance Sheet
2. Investment Script and Securities	20%	”
3. Loans and Advances	70%	”
4. Fixed assets	3%	”
5. Other assets	2%	”

The aforesaid norms are spelt out as the acceptable limits in the present financial conditions where it could be concluded at certain degree of assurance that the funds rolled in the business would fetch reasonable return provided there shall not be gross non-performing assets of the societies beyond acceptable level of 10% and the austerity is maintained in the Revenue Expenditure.

(Wherever necessary, the flexibility in utilization could be adopted in cases of Salary Earners Cooperative Credit Societies as some of the Employees Credit Cooperatives may be availing some concessions and convenience from their parent organizations and are assured of recycling the resources.)

As far as working and profitability of the society is concerned the following Macro level norms of acceptable limit could be adopted(subject to situation specific variations to Salary Earners Cooperatives).

1. Interest on deposits and borrowings (including accruals)	54%	of total income
2. Salaries and Remuneration to staff	20%	”
3. Administrative Expenditure	10%	”
4. Provisions (depreciations and Others)	5% to 6%	”
5. Net profit	10%	minimum of total income

Contd..../-

The management of the society shall instruct their, Managers/Accountant to prepare the profit and loss account and balance sheet at each month end and assess the position on line with norms stated above. If the position stands to the test of above norms it could be treated as satisfactory and within control. In case the

position is going awry on either side there is possibility of slipping the affairs on both the sides, either idling of funds or exposing it to higher risk.

After having been duly assessed by the management of the societies the aforesaid profit and loss account and balance sheet should invariably be sent to Zonal Asstt. Registrar of Coop. Societies for their perusal and further suggestion if necessary in this regards.

These instructions shall be invariably be adhered to failing which this office may think of imposing other measures in exercise with the powers under section 69 of the Goa Cooperative Societies Act 2001.

(NARAYAN R. SAWANT)
Registrar of Coop. Societies &
Ex-Officio Joint Secretary to
Govt. of Goa, Panaji.

To,

- 1) The
Chairman.....
Urban Coop. Credit Society Ltd./Salary Earners Coop. Credit Society Ltd., for necessary action.
- 2) The Asstt. Registrar of Coop. Societies, Central/North/ South/ Ponda/ Quepem /Panaji/Mapusa/Margao/Quepem Goa for information with a request to bring the contents and circular to the notice and Urban Coop. Credit Societies and Salary Earners Coop. Society respect jurisdiction and necessary action.
- 3) The Nodal Officer, office of Registrar of Coop. Societies, HQ., Panaji-Goa, with a request to update the departmental website suitable.
- 4) Circular file.