

No: 60/2013/TS/RCS/OTS Scheme

Dated: 30<sup>th</sup> Aug, 2013

## **CIRCULAR**

On close scrutiny of the Audit Report of the Urban Coop. Credit Societies and Primary Agricultural Credit Societies, it is observed that the provision of Non Performing Assets (NPA) is being increased and the proportion of some of the societies has even touched to 13% to 17% NPA level. This NPA level is increasing due to increase in the overdue of individual loans.

On close practical scrutiny by our field officials regarding increase in over dues, they have observed that some of the major reasons for NPA are (i) slackness in generation of employment (ii) abrupt closure of mining sector which has affected the flow of economy to a great extent (iii) adverse affect on the logistic sector due to negative effect of the slackness in the Goan economy (iv) the rise in price and increasing level of inflation etc.

Moreover, quite a number of representations are being received from the Financial Institutions and the loanee members as well, that due to abrupt slackness in the business activities they are unable to service their borrowed funds regularly which has necessitated them to request to the Financial Institution to offer the package of relief for repayment of their loan.

Incidentally, RBI is also in favor of One Time Settlement Scheme to all the Urban Coop. Credit Societies and Primary Agricultural Credit Societies to facilitate to cleans their Balance sheet.

Under these circumstances and in order to provide the reasonable solution to the Financial Institution and to the members who have borrowed funds for starting their business and to cleans the balance sheet of these financial institutions, this office has proposed to make applicable the One Time Settlement Scheme to all the Urban Coop. Credit Societies and PACS and Taluka Farmers Societies having credit counters.

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Accordingly, Model One Time Settlement Scheme duly approved by the Government is circulated herewith for information and for the benefit of all the Urban Coop. Credit Societies, the Primary Agricultural Credit Societies and Taluka Farmers Societies having credit counters in this State. On the basis of this model scheme, they may formulate their own scheme in the meeting of their BOD/Managing Committee. However, in no case the relaxation as provided in the model scheme shall exceed in respect of each clause of the scheme.

The One Time Settlement Scheme duly approved by the BOD/managing committee of respective societies shall be submitted to the respective Asstt. Registrar's of the Coop. Societies under jurisdiction of which the particular society is functioning and after the approval of the Asstt. Registrar of Coop. Societies, the same may be implemented strictly in accordance with the terms and conditions as indicated therein.

As specified in the appropriate clause of model scheme the verification of the loanees indentified for One Time Settlement Scheme alongwith the detail position of his loan and the modalities of compromising should be got approved from the Zonal Asstt. Registrars and then it shall be put into implementation or practice.

This has been issued with the approval of the Government.

**( J. B. BHINGUI )**

Registrar of Coop. Societies &  
Ex-Officio to the Government of Goa.,  
Panaji - Goa.

Encl: as above.

Copy to :-

1. The Asstt. Registrar of Coop. Societies, HQ / Audit, Panaji-Goa /Central Zone/North Zone/South Zone/Quepem Zone/Ponda Zone/Panaji/Mapusa/Margao/Qupem/Ponda-Goa for information and with a request to circulate the same to all the Urban Co-operative Credit Societies/PACS/ Taluka Farmers Societies having credit counters functioning under the jurisdiction of their office.

## Loan Repayment Compromise Scheme

### I. Features.

1. This Scheme shall be named as One Time Settlement Scheme (O.T.S.)
2. This Scheme has been prepared in adherence with the Goa State Co-operative Societies Act 2001, and Rules made there under and various circulars, Notification, orders issue by this office from time to time and taking into consideration several request received from the different Co-operative Societies and their members.
3. This Scheme shall be model scheme and no Society shall have powers to make any modification /changes/revision in the scheme.
4. This scheme shall be applicable to the Urban Co-operative credit societies, Primary Agricultural Coop. Societies and Taluka Farmers societies having credit counters in the state of Goa except the Co-operative Bank and shall be made applicable to all the members of the Coop. Credit Societies equally without discrimination.
5. The Societies can only take decision either to accept it wholly or reject it totally.
6. Under this scheme, exemption and facilities shall not be given to the Members of Board of Directors, their family members and their Relatives.

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7. The Co-operative Societies shall bound to place all the information in relation to the loans covered under this O.T.S. Scheme in its Board of Director's meeting. Therefore all the cases considered for OTS scheme shall be included in the agenda in B.O.D.'s Meeting in prescribed proforma.

## **II. Applicability / Eligibility of Scheme.**

1. Under this scheme, it shall be made applicable to the loans disbursed prior to 01/04/2008 and has classified as Non Performing Assets (NPA) and in which the entire outstanding loan amount has become overdue i.e. due date expired as per the loan agreement upto 31/03/2013 and the account is outstanding as on the date of application.
2. This Scheme shall also be applicable to doubtful loans in which the process of Arbitration is being continued or the decree have been passed in such loan cases by any judicial or quasi-judicial authority or decree/ Awards are referred for execution to the Authority.
3. The following items / heads can be waived / exempted under this scheme.
  - a) Recovery Expenses
  - b) Penal Interest.
  - c) Postage expenses and the expenses other than the actual Interest.
  - d) The expenditure for publishing the Advertisement.

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4. This scheme will not be applicable to the following cases.
- a) The loans availed by the directors / members of managing committee or their members or their relatives, provided that the loans availed by Ex-Directors or their family members or relatives can be extended this facility with the prior permission of Registrar of Co-operative Societies.
  - b) The loans obtained by suppressing the facts and mis-representation about the loanee, the purpose of loans, the particulars of mortgage property etc. Similarly this scheme will not be made applicable to the loans availed with the intention of cheating the Society and also the loans which has been made to be overdue knowingly and also with intention of duping the society.
  - c) The loans that has been sanctioned by the Society beyond the loan limit that has been specified in its bye –laws and or loan Rules.
  - d) The loans given to the employees of the said particular Society.
  - e) The loans obtained on the pledge of Gold, Deposits, National Saving Certificate, Kisan Vikas Patra, Indira Vikas Patra and any such gilt pledged security.

**III. The Mode of application.**

1. This scheme will be in force upto 30/04/2014 and the application requesting the OTS Shall be made on or before 01/01/12014 for benefiting the society.
2. The applicant shall deposit a minimum of 10% of the loan amount along with the application as it stand as on the date of application.

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3. The OTS sub-committee shall scrutinize the application received from loanee member and submit the report to the Board of Directors and the Board of Directors shall take the decision by 31/01/2014.
  
4. The decision taken by the Society under this OTS scheme shall be communicated to the concerned applicant within 30 days from the date of such decision. In case the Society refuse any such application the refusal shall be communicated to the concerned applicant with the reason of non- acceptance of his/her application and, the 10% amount of loans received alongwith application from the concerned loanee members shall be credited to the principal loan of that loanee and in no case the amount shall be refunded to the loanee members.

#### **IV Compromise Formula**

The cut off date of this scheme shall be 31/03/2008

- A) The loan amount outstanding as on 31/03/2008 as appearing in the loan ledger shall be taken as the base and simple interest @ 12% shall be calculated on the total of the above principal and interest on reducing balance. This rate of interest shall be applicable commonly to all the loanee members . The difference arrived at on the date of application between this calculation amount and the balance outstanding amount as per ledger shall be exempted / waived under this scheme.

Provided that, while calculating the interest as per the compromise formula, if the amount arrived is less than the amount appearing in the loan ledger, the same shall not be refunded to the said applicant.

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B) The loanee member shall deposit 25% of the above compromised amount within 30 days from the date of letter of the Society (This 25% proportion may include the amount deposited at the time of application for OTS).

Remaining 75% of the amount arrived after compromise shall be paid within 30 days from the date of expiry of 30 days allowed as above.

C) Precisely the total amount that has been compromised under this scheme shall be paid within 60 days from the date of communication under para B from the Society to loanee members.

D) In case the loanee member fails to pay the entire amount within 60 days as specified under clause 'C' above and the balance remain if any after 60 days, the loanee members shall be liable to pay for 14% rate of interest compounded at an interval of one month till the date of final payment.

E) The mode applicable in clause 'D' above shall be limited only upto 12 month from the date arrived under clause 'C'. Beyond this period, the loanee member will be liable for the penal interest @ 2% over and above the rate specified under clause 'D' above.

F) The Society can allow this relaxation only to the extent of 24 months from the expiry of 60 days that has been allowed under compromise formula in clause 'C'.

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- G) In case the entire amount arrived after compromise has not been deposited within 24 months from the date of expiry of 60 days as calculated in clause 'C' of this para the society will have right to revoke the facility of One Time Settlement Scheme extended to the loanee members and in such circumstances the loanee shall be liable to pay all the amount alongwith the regular interest, service charges, recovery charges & other incidental expenses. The society will also have the right to recover the amount from the loanee as it is being done under normal practice.
- H) In case any loan of a society is overdue for more than 10 years and that the said loan is not secured by tangible security of the principal loanee such loan could be compromised under OTS provided that in no case the amount recovered shall be less than double of the principal loan availed

**V Obligation to be adhered by the principal loanee and sureties after availing OTS Scheme.**

- A) The loanee members who has availed the OTS scheme shall not be entitled for any type of facilities / exemption in relation to any other loan repayment for future 6 years from the date of availing this OTS scheme.
- B) The loanee members who has availed this facilities shall not stand surety to any type of loan advanced by the society for 6 years from the date of availing this OTS scheme.

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**VI The obligations to be observed by the society.**

- A) All the eligible loanee members shall not be discriminated under this scheme who are entitled for the said scheme.
- B) The amount compromised shall be deposited by the loanee himself. In no circumstances the loan compromised under this scheme shall be paid by getting sanctioned the loans in the name of other members or through and on behalf of other members. In case any director or office bearer or responsible officer as the case may be found to be misutilising the scheme by borrowing in the name of any one person and repaying the loan of the other person with the sole intention to take the benefit of One Time Settlement Scheme then the person responsible shall be liable for the action under the relevant law in force.
- C) The society shall constitute an independent sub – committee of 3 members under the nomenclature “One Time Settlement sub committee” in which the chairman of the society, shall be the Chairman of the said Committee and any 2 directors will be the members and the Chief Executive Officer/ Secretary / Manager will be the member secretary of the said committee.