

Rajasthan Agricultural Credit (Stabilization) Fund Rules, 1966

RAJASTHAN

India

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Rule

RAJASTHAN-AGRICULTURAL-CREDIT-STABILIZATION-FUND-RULES of 1966

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[Rules for administration of Agricultural Credit (stabilization) Fund with the Rajasthan State Co-operative Bank Ltd, and the Central Co-operative Banks in the State of Rajasthan.] [Made by the Governor and issued vide Co-operative Deptt. notification No. F. 11 (175) Co-operative 60 dated 4.10.1966 (Published in Rajasthan Gazette., Part IV-C, dated 27.7.1967.)]

1. Title

These rules may be called the Rajasthan Agricultural Credit (Stabilization) Fund Rules, 1966.

2. Interpretation

In these rules unless the context otherwise Requires (a)'Apex Bank' means the Rajasthan State Co-operative Bank Ltd,(b)'Central Bank' means a Central Co-operative Credit Society with limited liability registered or deemed to have been registered as a Central Co-operative Bank under the [Rajasthan Co-operative Societies Act, 1965] [Rajasthan Co-operative Societies Act, 1965 Repealed by Rajasthan Co-operative Societies Act, 2001 (Now see the new Act 2001).](c)'Board' means the Board or Directors or Committee of management of the Rajasthan State Co-operative Bank Ltd., and the concerned Central Co-operative Bank Ltd.(d)'Government' means the Government of Rajasthan.(e)'Registrar' means the Registrar, Co-operative Societies, Rajasthan and any person

appointed to assist the Registrar when exercising all or any of the powers of the Registrar.(f)'Fund' means the Agricultural Credit (Stabilization) Fund with the Rajasthan State Co-operative Bank Ltd., and the Central Co-operative Banks of the State.(g)'National Fund' means the National Agricultural Credit (stabilization) Fund with the Reserve Bank of India.(h)'Year' means the Co-operative year ending on 30th day of June.

3. Aims and Objects.

The object of constituting Agricultural Credit (stabilization) Funds at different levels of the structure for agricultural credit is to facilitate the conversion of short-term loans for agricultural purposes into medium term loans in circumstances in which total or partial failure of crops resulting from wide spread natural calamity renders the repayment of such short-term loans impossible without dislocation of the structure and without hardship to individual agriculturists. The principles and procedure set out below shall govern the establishment and utilisation of the funds.

4. Establishment of the funds.

The funds will be established and maintained (i)by every central co-operative bank in the State for its area of operation which will be known as 'The Central Co-operative Bank Agricultural Credit (Stabilization) Fund';(ii)by the Rajasthan State Co-operative Bank Ltd., for the State as a whole which will be known as 'The Central Co-operative Bank Agricultural Credit (stabilization) Fund';

5. Resources for establishing and maintaining the funds.

(i) The Central Co-operative Bank Agricultural Credit (stabilization) Fund shall be constituted as follow: (a)Annual appropriation of 25% of the net profits fo Central Bank.(b)Transfer of the amount of dividend payable as the share holding of the Government in the Central Bank above 3%(c)Credit of interest at 3% per annual on the balance at the credit of the fund as at the commencement of the year.(d)Transfer of any other sums which the Central Bank may contribute or receive for the purpose.(ii)The Central Co-operative Bank Agricultural Credit (stabilization) Fund shall be constituted as follows: (a)Outright grants received for the purpose from the Government.(b)Loans received for the purpose from the Government.(c)Annual appropriation of 25% of the net profits of the State Co-operative Bank.(d)Transfer of dividend above 3 percent payable to the Government on its share holding in the Apex Bank.(e)Credit of interest at 3% per annum on the balance at the credit of the Funds as the commencement of the year.(f)Transfer of any other sums which the Apex Bank may contribute or receive for the purpose.

6. Investment of funds

. (a) The Stabilization Funds at the level of Central Co-operative Banks, to the extent that they have not been used for converting short-term loans into medium-term loans, shall be either wholly or partly invested in Government or trustee securities shall be placed in fixed deposit with the State Co-operative Bank.(b)The entire Stablization Fund of the State Co-operative Bank shall be invested

in Government or Trustee securities.(c)The income from the investment of the fund in loans, in Government or Trustee securities or in fixed deposits, shall be appropriated by the central banks and the apex bank to their respective profit and loss accounts.(d)The central banks and the apex bank shall pay to the fund interest at 3 percent per annum on the amounts to the credit of the funds at the commencement of the year.(e)any depreciation in the investments of the funds shall be made good by the bank concerned out of its general income.

7. Procedure for determining the circumstances for the use of funds and terms and conditions of operations.

A. Primary Society Level (1) On the occurrence of a natural calamity such as draught, floods, cyclone, attack of pests or locusts, in failure of crops and before the harvesting of such crops standing in the fields, every individual member of a primary agricultural credit society who is not in a position to repay the short term loan taken by him from the society and who desires that the short term loan due from him be converted into a medium-term loan, shall apply in writing to that effect to his society, providing such particulars regarding estimated value of his crop the amount which he may be able to repay, etc. as may be prescribed by the Government.(2)On receipt of the application from the individual members under rule 7(A)(1), the Primary Agricultural Society shall obtain from the revenue authorities certified copies of Kharaba statements in respect of the holdings of the applications who have applied to the Primary Agricultural Society for conversion of their short-term loans into medium term loans.(3)As soon as possible thereafter, a General Body Meeting of the Society shall be convened to consider the requests for conversions or extensions and to determine the extent and period for which conversions or extensions may be granted and to pass necessary resolutions in that behalf.(4)Every primary agricultural credit society which seeks conversion of short-term loans for agricultural purposes into medium term loans will be required to make an application to that effect to the Central Co-operative Bank supported by a resolution of the General Body. The Primary Agricultural Society shall also forward to the Central Co-operative Bank the applications of all the individual members who have applied for the conversion of their short-term loans into medium-term loans and the certified copies of the Kharaba statements received from the certified copies of the Kharaba statements received from the revenue authorities under rule 7(A)(2).(5)Only on the receipt of advice in writing from the Central bank that the conversion has been granted shall, the primary agricultural credit society proceed to take necessary action as follows.(6)Short-term loans up to Rs. 500/- may be converted into medium term loan against personal surety, loans between Rs. 500/- to Rs. 1000/- against charge on land and all loans above Rs. 1000/- shall be secured by mortgage of land.(7)The ultimate borrowers shall be required to furnish fresh time promissory notes of the society which shall correspond to the plan of the repayment of medium-term loans and favour such undertaking in regard to the sale of his produce through a marketing Co-operative Society as may be prescribed by the credit society.(8)Where a borrower is unable to offer a charge on land, or mortgage his property as the case may be, owing to encumbrances on land or property for other prior borrowings from co-operative agencies, the conditions, in (6) above may be dispensed with, and conversion allowed, as a special case against the personal sureties of adequate amount.(9)The short-term loan account of the borrower shall be credited with the amount of principal due by a corresponding debit to a medium term loan account to be opened.(10)All recoveries in respect of medium-term loans thus

advanced for conversion shall be credited straightway to be respective loan accounts.(11)All sums received in repayment of converted medium-term loans granted by the Central Bank shall be remitted to the bank without any delay.(12)Separate accounts shall be maintained in respect of such converted medium-term loans received or advanced by the society so as to distinguish them from other loans received or granted by it.

B. Central Bank Level

(1) The Central Co-operative bank shall be competent to decide whether crop failure in the area of operations of any applicant society is such as to justify the conversion of short-term loans into medium-term loans.(2)On receipt of the applications from the affiliated societies, the Central Co-operative Bank shall proceed to sanction conversion facility only if the 'Kharaba' declared by the revenue authorities in respect of the holdings of the applicants who have applied for conversion of the loans is eight annas in a rupee or more.(3)The Central Co-operative Bank shall be deemed to be in a position to meet 15 percent of the amount of short-term dues intended to be converted into medium-term loans from out of drawal resources of Stabilization Fund maintained by it and/or out of its other resources.(4)For the balance of amount required, the Board shall pass resolution and apply for assistance from the Apex Bank in the form prescribed by the Reserve Bank of India.(5)On receipt of advice from the Apex Bank that the conversion of short-term loan into a medium-term loan has been granted, the Central Bank shall proceed to grant similar conversion facilities to the affiliated Primaries against their promissory notes which shall be furnished by them to correspond to instalments for repayment fixed by it.(6)The Central Bank shall give effect to the conversion by crediting the short-term loan account of the concerned society with the amount of principal due by a corresponding debit to the fresh medium-term loan account of the borrowing society.(7)All recoveries in respect of medium-term loan thus advanced for conversion shall be remitted to the Apex Bank without any delay and corresponding credit provided to the account of borrowers.(8)The Central Bank shall maintain separate account in respect of converted medium-term loans received or advanced by it so as to distinguish term all other loans received or granted by it.(9)[the Central Bank shall be free to pledge the securities or fixed deposit representing the investment of its stabilization fund to the extent necessary for the purpose of raising resources required for granting conversion facilities. The Central Bank shall also be free to make advance out of its general funds without pledging the securities representing the investment of its stabilization fund in which case the said securities to the extent of such advances shall be deemed as released from the fund.] [Substituted by Order No. 1(91) Co-op./Agri./IV/75, dated 18.8.1978, G.S.R. No. 147 (Published in Rajasthan Gazette, Part 1V-C., dated 21.12.1978). This issued with the concurrence of Finance (expenditure-1) Deptt. vide their No. I.D. 4319 (Fin. (Exp.I) Deptt. 78, dated 1.8.1978.)

C. Apex Bank level

(1) The State Co-operative Bank shall determine on security of the applications of the Central Co-operative Bank and such investigation as it may under take, the account of short-term loans which, in its opinion, may be justifiable converted into medium-term loans.(2)If the Apex Bank cannot sanction such conversion if full from the resources available from its Stabilization Fund, it shall forward the applications of the concerned Central Co-operative banks to the Reserve Bank of India and of the same time shall itself apply, in the prescribed form to the Reserve Bank along with a resolution of its board of directors seeking from the Reserve Bank conversion facilities for the amount of short-term loans due to the Reserve Bank which it cannot convert from its Stabilization Fund. The applications to the Reserve Bank of India shall be routed through the registrar of Co-operative Societies who should secure and forward to the Reserve Bank the willingness of the State Government to guarantee the Reserve Bank in respect of repayment of principal and payment of interest the loan

recommended by him to the Reserve Bank for sanction out its National Agricultural Credit (Stabilization) Fund. He shall also arrange to furnish the Reserve Bank the State Government's Guarantee Deed in the prescribed form.(3)On the Reserve Bank sanctioning the conversion of loans the Apex Bank may approach the Manager, Reserve Bank of India at the office of the Reserve Bank where its principal account is maintained, and furnish the necessary time promissory notes of Central Bank duly countersigned.(4)On the Manager, Reserve Bank of India carrying out the adjustments for conversion of short-term loans into medium-term loans corresponding action will be taken by the Apex Bank to convert the short-term loan of Central Bank into medium-term loans corresponding action will be taken by the Bank amount of conversion sanctioned by it by debit to a fresh medium-term loan account.(5)Separate accounts shall be maintained by the Apex Bank in respect of loans received or given by it for purposes of conversion so as to distinguish them all other loans received or given by it.(6)[All repayments in respect of converted loans shall be remitted without delay to the Reserve Bank of India and corresponding credit furnished in the converted medium-term loan accounts.] [This issues with the concurrence or Finance (Expenditure-I) Department vide their No, 1 D. 43 19/Fin. (Expd-1)/78 dated 1.8.1978. Substituted by order No. 11(91) Co-op/Agri-1V/75, dated 11.8.1978-GSR 147 (Published in Rajasthan Gazette, 4(1) dated 21.12.1978).](7)the Apex Bank shall be free to pledge the securities representing the investment of its stabilization fund to the extent necessary for the purpose of raising resources required for granting conversion facilities. The Apex Bank shall also be free to make advances out of its general funds without pledging the securities representing the investment of its stabilization fund in which case the said securities to the extent of such advances shall be deemed as being released for the fund"(8)"The State Co-operative Banks (Stabilization) Fund shall be deemed as fully utilised if (a)the over draft facility enjoyed by the State Co-operative Bank against the Government & Trustee securities representing the investment of the Stabilization Fund is fully utilised; or(b)the total of the resources raised on the pledge of the said securities and the sums advanced by the State Co-operative Bank from its own resources is either equal or exceed the sums in the fund; or(c)the sums advanced from the own resources of the State Bank are either equal or exceed the sums in the fund".D. National level- (1) The applications of an Apex Bank for conversion of short-term loan into medium-term loan shall be made to the Agricultural Credit Department of the Reserve Bank of India in the form prescribed for the purpose and shall be forwarded through the Registrar with the required accompaniments.(2)The reserve Bank will consider the applications subject to such investigation as it may undertake in regard to the need for conversion, amount of conversion required the financial position of the institutions and such other matters.(3)All loans granted from the National Agricultural Credit (Stabilisation) Fund shall be fully guaranteed as to the repayment of principal and payment of interest by the State Government.(4)The loans shall carry interest at 11/2 percent below the Bank Rate.(5)The loans will ordinarily be granted for periods not less than 15 months and not exceeding 3 years, though, in exceptional cases, the Bank might sanction such loans upto 5 years.(6)Short-term loans will be converted into medium term loans on the due date of repayment.(7)The Reserve Bank of India shall have the right to refuse a loan and to prescribe return or undertake inspection as it may consider necessary and to vary the terms and conditions for granting conversion facilities.