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DIRECTORATE OF COOPERATIVE AUDIT: ODISHA: BHUBANESWAR.

Letter No. VI (I) 44/2009 4406 /Audit-8

Dated:

13/07/18

To

The Assistant A.G.C.S of Circles.

Sub: Operational guidelines for formation and credit linkage of Joint Liability Groups (JLGs) - Frequently Asked Questions(FAQ).

Ref: This Directorate letter No.3793 dt.23.06.2018 and No.4041/dtd.29.06.2018..

Madam/Sir,

This has a reference to this Directorate letters on the subject cited above wherein copy of letter No.3950 dt.25.05.2018 and No.3981 dtd.26.05.2018 of Cooperation Department pertaining to operational guidelines for formation and credit linkage of Joint Liability Groups (JLGs) to avail Crop Loans were communicated for necessary action at your level. Now Government vide Cooperation Department Letter No.4740 dtd.03.07.2018 have approved the Frequently Asked Questions (FAQs) on implementation of the said guidelines, copy of which is enclosed.

You are incumbent upon to circulate the concepts and viewpoints of the above letter among the auditors of your respective audit circles for their information and guidance besides making discussion on the same in the monthly staff meeting.

Yours faithfully

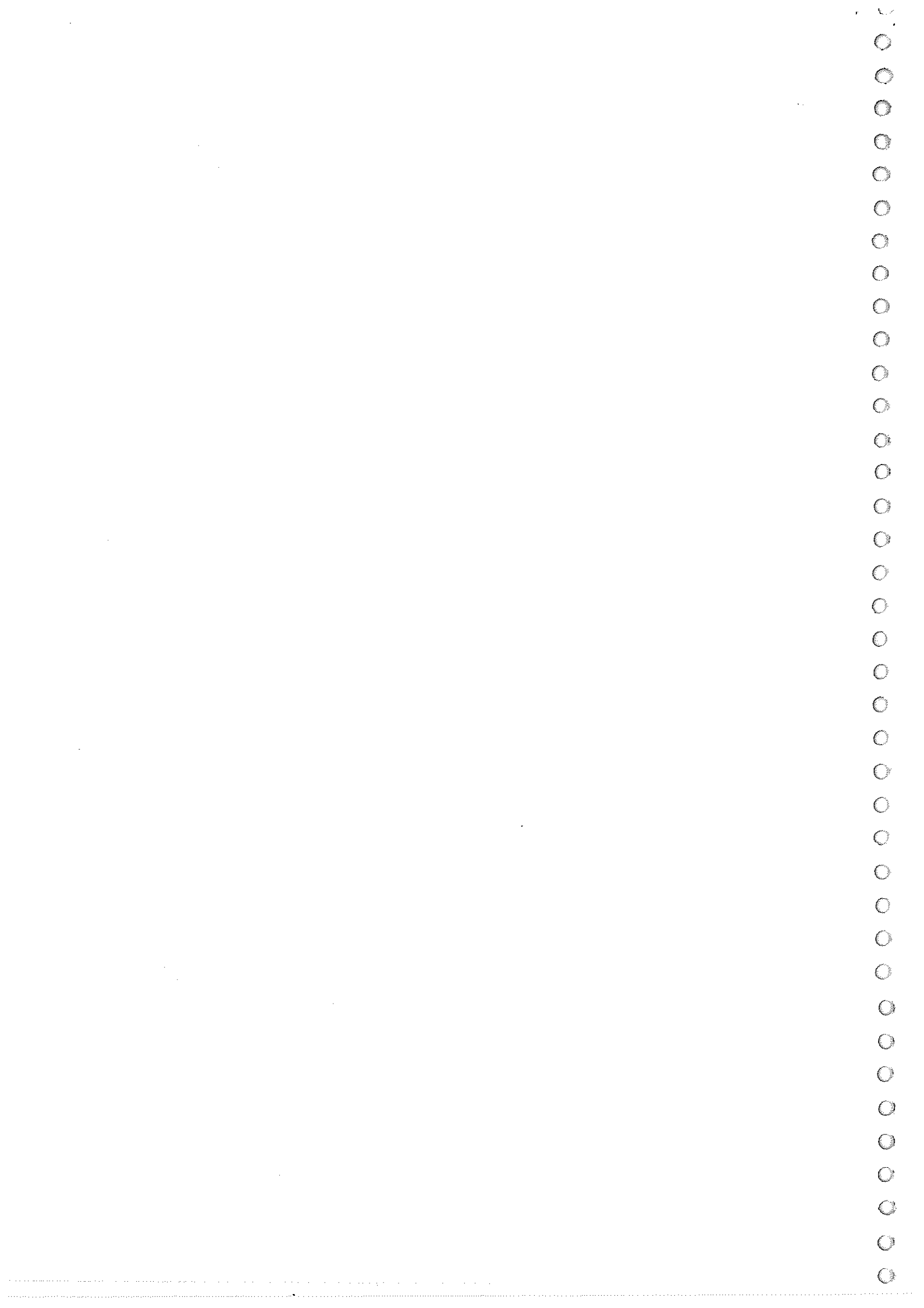
Enclosure- As above.

Auditor General  
Cooperative Societies, Odisha.

Copy to Computer Cell (With enclosure)

10 Spare Copies.

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GOVERNMENT OF ODISHA  
COOPERATION DEPARTMENT  
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*This should be sent to  
all field functionaries  
urgently*

No. 4740 /Coop., Date: 3-7-2018  
I-CR-72/2018

From

Shri S.K Mishra  
Deputy Secretary to Government

To

The Registrar of Cooperative Societies  
Odisha, Bhubaneswar

Sub: Frequently Asked Question (FAQ) relating to operational guidelines for formation and credit linkage of Joint Liability Groups (JLGs)

Sir,

In inviting a reference to the subject noted above, I am directed to intimate you that Cooperation Department have approved the FAQ relating to operational guidelines for formation and credit linkage of Joint Liability Groups (JLGs).

You may kindly circulate this to the field functionaries so that there will not be any doubts about the guidelines. The copy of the same is enclosed for reference.

Yours faithfully

*S.K. Mishra*  
2/07/18

Deputy Secretary to Government

Memo No. 4741 /Coop., Date: 3.7.2018.  
Copy forwarded to the Managing Director of Odisha State Cooperative Bank Ltd., Bhubaneswar for information and necessary action.

*S.K. Mishra*  
2/07/18

Deputy Secretary to Government

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Frequently Asked Questions (FAQ) on operational guidelines communicated by the Cooperation Department vide letter No. 3950 dated 25.05.2018 and No. 3981 dated 26.05.2018 in respect of Joint Liability Groups (JLGs) P67/c

- 1) What would be the quantum of share to be collected from the members of JLGs/ the Group?

The minimum share requirement to become a member of the Society shall be collected from individual members of the Joint Liability Groups as stipulated in the Byelaws.

- 2) Whether share linkage insisted for Joint Liability Groups at the time of advance of crop loans?

No share linkage shall be insisted either from the JLG or from its members except for the minimum share capital required for becoming member of the PACS as clarified above.

- 3) Whether credit limit will be sanctioned for JLGs. If yes, what would be the duration of the credit limit?

As mentioned in the operational guidelines, the officials of the PACS shall assess the credit requirement of individual members of the JLGs. The aggregate requirement of the members shall be clubbed and one limit may be sanctioned in favour of the Group, which will be valid for a period of one year. On repayment of the loans, as envisaged in the operational guidelines, there will be increase of 25% in the limit sanctioned in subsequent years.

- 4) Whether loans will be treated as the Group Loan or individual loans of members?

The loan advanced to the Group shall be treated as Group Loans but shall be disbursed to individual members by credit to their Savings Bank Accounts maintained with the concerned Branch of the Central Cooperative Bank. As such, the PACS have to maintain loan accounts of individual members of JLGs in subsidiary accounts to facilitate recovery of loans as and when due.

- 5) How to identify the members of JLGs?

As envisaged in the operational guidelines, the members of JLGs should belong to similar socio-economic status and should agree to function as members of the Group. The Group should be homogeneous and organized by likeminded farmers/ individuals and have mutual trust and respect. The Chief Executive of the PACS, other employees and Board of Directors are expected to have first hand information of the members of the JLGs at the time of identification.

- 6) Whether the loans will be linked to Scale of Finance?

As envisaged in the operational guidelines, the crop loans shall be sanctioned in favour of the Group, after making assessment of individual requirements and Scale of Finance of the crops intended to be cultivated by the members. However, for the time being, there will be a cap of Rs.10,000/- per member of the Group during the first year of finance.

- 7) Rate of interest on crop loans advanced to JLGs.

As stipulated in the Khariff, 2018 campaign issued by the Cooperation Department, interest subsidy / subvention would be provided by the Government during the current year i.e. 2018-19 for providing short term agricultural loans to the farm families at the concessional rate of interest of 4% to the borrowers availing loans up to Rs.50,000/- and at 5% interest to the farmers availing loans from Rs.50,001/- to Rs.3,00,000/- thereby continuing with the effective rate at 1% and 2% respectively after taking into account the interest incentive admissible to the prompt paying farmers, who repay their loans on or before the due dates. This will be applicable to the members of the JLGs. For this purpose, loans advanced to individual members of the Group shall be taken into cognizance and not the aggregate amount advanced to the Group.

- 8) Whether any other loan will be admissible to the Groups other than crop loans?

For the time being, no other loan would be available to the JLGs except for crop loans.

- 9) Whether KCC will be issued to the members of the JLGs?

As the Kisan Credit Cards (KCC) / RuPay Kisan Cards are based on land particulars of individual farmers, in case of members of the JLGs, it will not be available for the time being. The Group should be provided individual Loan Pass Books for each of the members having only one loan number as allotted to the Group in the prescribed proforma as was used in case of Tenant Farmers Groups.

- 10) What would be the documentation / documentary evidence for advancing loans to JLGs?

As envisaged in the operational guidelines, the Group members shall enter in to the interse-agreement in a stamped paper as is required for a general Power of Attorney in the proforma as at Annexure - II appended to the operational guidelines issued by the Cooperation Department. Besides, the Group has enter into the Joint Liability Agreement with the PACS concerned in the proforma stipulated at Annexure - I of the said operational guidelines.

- 11) Whether collateral securities will be obtained from the JLGs?

No collateral securities shall be insisted from the members of the Group. The Joint Liability Agreement executed by the members of the Group with the PACS shall be treated as social collateral and the peer pressure before the Group members shall ensure recovery of loan.

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- 12) What about the maintenance of accounts of the JLGs, whether at PACS level or at Branch level?

The accounts shall be maintained both at the PACS level and at the DCCB level.

- 13) Whether paddy will be procured from the JLGs through P-PAS system?

Paddy will be procured from the members of the JLGs through P-PAS system. For the purpose the members of the Group shall register themselves in the PACS by using their Loan Pass Book and Savings Bank Passbook alongwith other I-cards like Voter I. D. Card and Adhaar Card.

- 14) Whether the CCBs would prefer draws from OSCB as a part of crop loan refinance or separate applications to be submitted?

Although crop loans advanced to JLGs are eligible for reimbursement from OSCB under NABARD refinance arrangements, separate draws should be preferred by the CCBs in respect of crop loans advanced to JLGs.

- 15) Whether stamp paper will be required for execution of Interse-Agreement and Joint Liability Agreement in respect of members of JLGs.

The Agreements should be executed in Non-judicial stamp paper of Rs.100/- each.

- 16) Whether there will be a minimum balance in respect of members of JLGs in their Savings Bank accounts opened in the CCBs.

Irrespective of any other stipulation in vogue in the CCBs, in respect of minimum balance in the Savings Bank accounts, Rs.100/- (Rupees One Hundred) only should be stipulated for the minimum balance in the SBD accounts of members of JLGs.