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Directorate of Cooperative Audit, Orissa, Bhubaneswar.

No. VI(i)62/99 2616 (16) Audit-8/ Dt. 5.5.2009

To All Asst. Auditor General of G.S.
of Circles.

Sub:- Availing loan by state and central Govt. employees
from Coop. Banks and the credit Cooperatives.

Sir;

It has been brought to the notice of this Directorate by the M.D. OSCB Ltd. that a large number of state and central Govt. employees have availed/are availing loans from state and central Coop. Banks for various purposes, mostly for purchase of consumer durables. At the time of applying for such loans, they are submitting certificates from their Drawing and Disbursing officers to deduct the loan instalments from their monthly pay bills. On this undertaking by the D.D.Os the Banks are giving loans to such Govt. employees. Many of ~~xxxx~~ credit Coop. institutions are also allowing loans to Govt. employees with similar undertakings of D.D.Os of concerned employees.

Of late it is observed that many of the Govt. employees are not repaying their loans to the Banks and credit Coops. Despite repeated correspondences by the Banks, the concerned D.D.Os are not responding and taking action for recovery of defaulted amount from salary of the defaulter employees.

It is pertinent to mention here that the D.D.Os are giving undertakings for recovery of loan availed by their employees from monthly salary and to deposit the same with the concerned Coop. Banks/Credit Coops in pursuance with provision u/s 35(1) of OCS Act, 1962, with this undertaking the agreement is made between loanee employee and concerned Coop. Bank/credit society on terms and conditions of repayment.

(PTO)

As per provisions u/s 35(2) of OCS Act, on the execution of such an agreement the employee (DDO) shall make the deduction in accordance with the agreement from salary of concerned employee and payee the amount so deducted to the Coop. institution in Coop. Banks/Credit societies within 14 days from the date of deduction.

But this legal provision is seldom put to action. After giving undertakings, on the basis of which the employee makes the agreement with the Bank and avails loan in most cases the employees/DDOs are not abiding by the agreement. This has resulted in huge NPA of the Coop. Banks and concerned Credit Coops.

In order to keep track on recovery of loans from Govt. employees and effect of default loan on financial condition of the Coop. Institutions, it is now decided that:-

1) A separate statement on loan and advances outstanding on state and Central Govt. employee has to be annexed to the Audit report of OSCB, CCBs, UCBs and Credit Coop. institutions (except employees credit Coops) from the year 2003-04 and onwards in the format enclosed.

2) A separate paragraph on the observation of Auditor on allowing and recovery of such loans and advances be incorporated under the sl. Loans and Advances in the audit report from 2003-04 and onwards the auditor has to point out the steps taken by the management like informing the DDO of the defaults etc as required u/s 35(3) of OCS Act which reads 'If an employee fails to deduct or having deducted fails to pay amount as required under sub-section (2) of section 35 the Registrar may on the application of the society and after giving such employee a reasonable opportunity of being heard, direct him to pay the society within such period as has been specified in the agreement executed under sub-section

i) of section 35 a sum not exceeding the amount which he has failed to deduct or to pay, as the case may be.

or

Whether the Bank/society has taken other course of action for recovery of defaulted loan from concerned employee by filing disposal u/s 68, obtain decision u/s 70 and then taken steps for execution of the decision as prescribed u/s 107 of OCS Act i.e. attachment of salary of the defaulter employee.

This should be circulated amongst all auditors of your circle for their guidance and strict observance.

Yours faithfully,

(PTO) Auditor General of C.S.(O)

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Memo No 2617 (2) Dt. 5.5.2004

Copy forwarded to the R.C.S.Orissa/M.D.O.S.C.B. ltd. for information and necessary action.

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5.5.2004

Joint Auditor General of CS(O)

Memo No 2618 (46) Dt. 5.5.2004

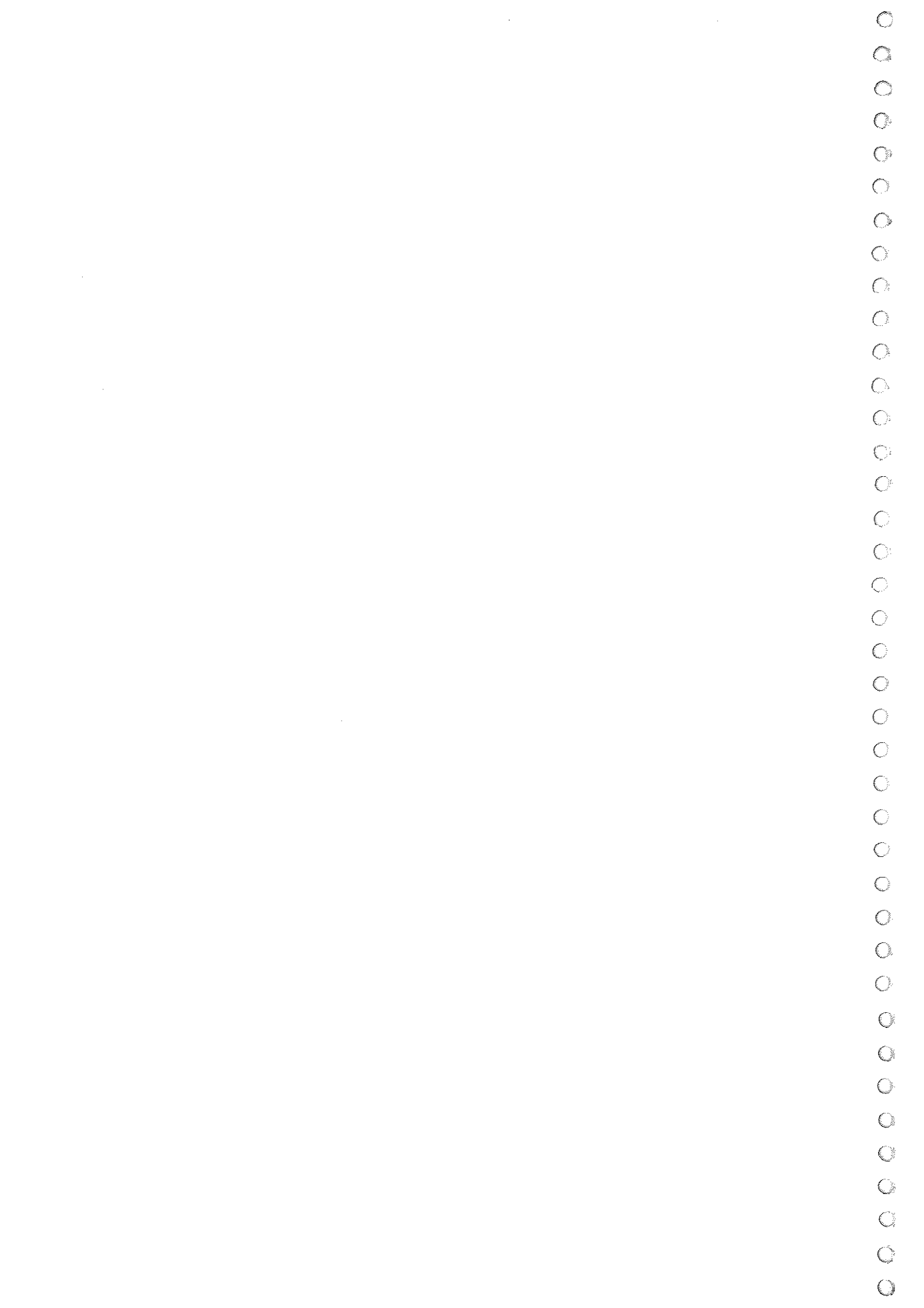
Copy forwarded to All D.R.C.S. Divisions/Secretaries of all C.C.Bs/U.C.Bs for information and necessary action.

Q
5.5.2004

Joint Auditor General of CS(O)

Copy to:- Audit 1,2,6/G.F/20s.c.

R/Sahoo
1/5/04



STATEMENT, List of Defaulted Govt. employees

1. Name of the Deptt/ HOD/office	2. Designation of Drawing & borrower disbursing Authority.	3. Name of the Address of borrower.	4. Date of sanction of loan
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5. Amount of loan sanctioned	6. Final date of repayment as per agreement.	7. Amount outstanding at the close of the year	8. Overdue out standing	9. interest outstanding	10. Legal Action taken for recovery (in brief)
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