84

Directorate of Cooperative Audit, Orissa, Bhubaneswar.

No. VI(i)62/99 5458(16)(P-V)/A-8/Dt. 26.7.08

To

All Asst. Auditor General of C.S. of Circles.

Sub:- Treatment of profit in the Agricultural credit Cooperatives after infusion of funds under Revival package.

Sir;

It is re-iterated to mention here that Agricultural credit Cooperatives play an important role in meeting the growing credit needs of rural India, where volume of credit flow through these institution is increasing year after year. Despite this the realisation of Credit dues from the members is being affected due to natural calamities and seasonal crop failure etc. for which the financial health of these institution was getting deteriorated. So the Revival package as recomended by Vaidyanathn Committee in the STCC structure alongwith Debt waiver and Debt relief scheme-2008 sponsored by GOI are adopted/implemented in the State to wipe out the losses and increase the capital adequacy to a specified limt. The schemes are also adopted for the organis development of these institutions to make them viable.

Infusion of funds by GOI as well as State Govt. as per norms of sharing pattern of financial assistances under Revival package and debt waiver scheme have helped the Agricultural credit Institutions to come up to an acceptable level of financial health. The task force recomended that the resources made available to the CCS units under the package is to be protected.

After wiping out the losses of these CCS Units through financial assistance, they have became viable/potentially viable and shall earned profit. As this profit is not linked with the business/operational/profit of these CCS Units, the same need be kept under Reserve as per Rule 4(A)(i) of OCS Rules 1965, wihout distributing the surplus amount (excess of income over expenditure) arrived in P/L A/C, in shape of devidend to members, payment of bonus to employees and payment of honouranium

(contd-p-2)

( ) [illegible] OCS Act 1965.

85



to members of the committee as prescribed U/S 56(2)(a)(b)(d)(e) (f)& (g) of the OCS Act 1965.

So you are requested to issue necessary instructions to the auditors to act accordingly after examining this aspect in course of audit and record their observation in the audit report in detail.

Yoursfaithfully,

24.7.08

Auditor General of C.S.(O)

Memo No 5459(30) Dt. 26.7.08

Copy to all Secy. of Dist.Central Coop.Bank/D.R.C.S. of Divisions for information and necessary action.

24.7.08

Auditor General of C.S.(O)

Memo No 5460(3) Dt. 26.7.08

Copy to M.D.OSCB/R.C.S.Orissa/C.G.M.NABARD for information and necessary action.

26.7.08

Auditor General of C.S.(O)

Memo No 5461 Dt. 26.7.08

Copy submitted to Principal Secy. to Cooperation Deptt.for favour of kind information.

26.7.08

Auditor General of C.S.(O)

5.s.c.

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