

No.6/1/130/RCS/ISN/84-969
Government of Pondicherry
Co-operative Department

Pondicherry, the 10.7.1984

C I R C U L A R

Sub: Audit of Co-operative Institutions - Administrative Deficiencies
in the Management of Societies - Instructions - Issued.

Several instances have been brought to the notice of this Department that the major co-operative institutions where departmental officials are working as Chief Executives have utterly failed to manage the affairs of the society effectively and to maintain the accounts properly, which result in serious misappropriation of cash and stock. These are mainly due to the failure on the part of the management to adhere to this office instructions issued from time to time regarding the custody of assets of the society and maintenance of accounts. As such, the following instructions are issued for strict observance by all concerned:

1. It is often noticed that due to improper and defective entrustment orders relating to custody of cash and stock and writing of accounts various irregularities were committed by the employees. As such, duties and responsibilities should be clearly defined and communicated to the employees and acknowledgement of the concerned employees should be obtained for the entrustment. It is often reported during audit that the Chief Executives of the institutions have failed to control the function of the employees especially those who are writing the accounts and maintaining the inventories. The employees who are entrusted for writing major registers such as day book, general ledger and stock registers are often changed with oral orders and consequently the fixation of responsibility in the event of irregularity is not possible. Some of the prosecutions launched by this Department against the malpractices such as dishonest misappropriation of cash and stock cannot be successfully established because of the failure on the part of the institutions to issue well defined duties and responsibilities in the maintenance of accounts especially the entrustment of properties. Sometimes orders issued by the institution are also not traceable. The maintenance of such vital records is utmost necessary to prove the malpractices committed by the delinquents. Therefore, it is instructed to maintain an 'Office Order Register' in a neat bound book which lasts long.

2. No employee should be appointed without obtaining sufficient personal surety and cash security deposit and that also without the prior approval of this office. In the event of any misappropriation committed by the employees and if the employee is appointed without obtaining sufficient surety and cash security deposit, the Chief Executive who has appointed the employee will be held responsible in the event of non-recovery of the misappropriated value.

Audit

3. Clear entrustment orders regarding writing of day book and other books of the society, signing and issue of receipts etc., should be made and no employee should be allowed to do the work relating to financial transactions and stock, unless it has been specifically assigned to the employee in the entrustment order.

4. Cash/stock and maintenance of the connected registers should not be entrusted to one and the same employee since there is possibility for falsification of accounts and misappropriation of cash/stock.

5. Internal checking and internal audit system should necessarily be affected so as to arrest malpractices affecting funds of the society and to detect malpractices, if any, immediately.

6. The books of accounts of the society should be maintained up-to-date and should be signed by the Chief Executive of the institutions.

7. Instances have come to the notice of this office regarding retention of heavy cash balance by some societies in which departmental officials are working as Chief Executives. Retention of heavy cash balance without sufficient grounds will be construed as temporary misappropriation and should strictly be avoided.

8. The stock registers and salesmen liability register must be maintained correctly and the postings checked by any responsible official. The stocks both retail and godown as well as stock with branches must be verified at the end of each month wherever possible. Deficit noticed, if any, must be recovered immediately or within a fortnight. In case of large scale deficits resulting in misappropriation, severe action including launching of criminal prosecution should be taken promptly against the employee(s) concerned.

9. Purchases should be regulated according to needs of the members and for non-pretext purchases, the concerned Chief Executive will be held liable for consequences.

10. Normally, payments to sister co-operative institutions should be made by means of crossed cheques only. In extraordinary circumstances, when cash is paid by one society to another, the society that pays cash should insist on the furnishing of the printed receipt of the payee society. Conventional method of obtaining the signature of the payee in the voucher of the society should be prohibited, since it gives opportunity to suppress the receipt of the amount by the beneficiary society and to misappropriate the funds.

11. Cash receipts should be issued by using double side carbons for all the moneys received from any person/party, duly signed by responsible person as per by-laws or as per resolution of the management passed in this regard.

Audit

12. Adjustment receipts should be issued invariably for all receipts received by adjustment from the person or party as the case may be and forwarded to the parties concerned.

13. Using of cash/adjustment receipt book for cash and adjustment receipts should be avoided strictly. It facilitates to mis-transact the adjustment receipts as cash receipts and misappropriate the funds to the extent.

14. Cash payments except petty items should be avoided as far as possible and crossed cheques may be issued wherever possible.

15. Double sided carbon papers need be used in receipts, bills, invoices, delivery orders/notes etc., in order to avoid malpractices by employees.

16. Confirmation balances of various societies with them should be furnished to this office for every co-operative year and the same should be submitted to this office during July without fail so as to make available the same to the auditors concerned.

17. It is the sole responsibility of the Chief Executive of the institution to see that audit of their institution is completed up-to-date without arrears and audit certificate issued.

18. Audit in major institutions is being delayed mainly due to non-furnishing of required schedules and outstanding lists to the auditor in time. As such the Chief Executives should arrange to furnish the required schedules and outstanding lists to the auditor in time, preferably before the commencement of audit.

Even though some of the above instructions have already been communicated, violation of the instructions are reported which resulted in major misappropriation of funds of the societies. It is needless to point out that Government has financed the institutions in various forms and as such it is the responsibility of the Chief Executives to safeguard the funds of the society as well as Government. All the Chief Executives are therefore requested to adhere to the above instructions and any lapses on their part will be dealt with accordingly.

M. SRIRAAMULU
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.6/1/16/RCS/ISN/84/19
Government of Pondicherry
Co-operative Department

Pondicherry, the 11.1.1985

C I R C U L A R

Sub: Audit of Co-operative Institutions - Administrative deficiencies in the management of societies - Violation of instructions of this Department - Regarding.

Ref: Registrar's Circular No. No.6/1/130/RCS/ISN/84/969 dated 10.7.1984.

Attention is drawn to the circular cited. In spite of the specific and detailed instructions emphasizing the Chief Executives' responsibility with regard to maintenance of accounts, instances have come to the notice of this Office that the circular instructions are badly neglected by the Chief Executives. An instance case has been brought to the notice of this Office, that in a major institution the prime registers such as day book and other important subsidiary registers are not maintained up to date and the same was in abnormal arrears for months together, which in turn results in undue delay in the conduct of internal checking and internal audit. It is needless to say that such abnormal arrear in the maintenance of books of accounts will lead into grave financial and administrative irregularities. This is one of the reasons that irregularities are increasing in some institutions.

In general, the Chief Executives are giving scant attention in this main aspect of maintenance of up-to-date and accurate accounts of their respective institutions and they are not exercising effective control and review over the persons employed in the accounts section and in their performance. It is a sad affair that some Chief Executives are not endorsing in day book for having verified the prime books of entry. Such poor administration of the affairs of the institutions will not be tolerated any more.

It is informed that mere entrustment of maintenance of accounts to the subordinates will not in any way lessen the accountability and obligations of the Chief Executives with regard to maintenance of accounts. They will be solely responsible for the up-to-date maintenance of accounts and all other administrative matters of their concerned institutions and they will be held liable for appropriate action for any irregularity both in the maintenance of accounts and in administration of the affairs of the institutions.

Audit

It is once again directed to adhere to the above instructions as well as the instructions contained in the circular cited and for any violation in this regard the concerned Chief Executive will be held liable and stern action will be initiated for willful negligence.

M. SRIRAAMULU
REGISTRAR OF CO-OPERATIVE SOCIETIES

Audit

No.6/1/166/RCS/ISN/84/96
Government of Pondicherry
Co-operative Department

Pondicherry, the 27.2.1985

Directions issued under Section 81(1) of the Pondicherry Co-operative Societies Act, 1972

C I R C U L A R

Sub: Apex and Central Co-operative Institutions – Timely completion of books of accounts, proper maintenance of accounts and timely completion of statutory audit – Directions - Issued.

Directions:

Several instances have been brought to the notice of this Department that some of the major co-operative institutions functioning in this Union territory have failed to maintain up-to-date accounts of their respective institutions and in some cases abnormal arrears in completion of prime registers such as main day book and subsidiary day book were reported. Nevertheless these institutions have utterly neglected to maintain the accounts properly and up to-date which in turn results in undue delay in the conduct of internal checking, internal audit and final audit. Such arrears in accounts maintenance leads the management of the institutions into dark, about the institution's affairs both in financial and administrative matters and whenever important financial data called for by this Department to make policy decisions, the same are not readily forthcoming. Such messy maintenance of accounts in such big institutions of apex and central societies which are dealing transactions in crores of rupees, may lead into grave financial and administrative improprieties. It is a sad affair that though several circular instructions have been issued by this Department in this regard such instructions are violated more than observance.

2. In order to correct the deficiencies in the maintenance of accounts and administration in apex and central co-operative institutions, to secure proper management of the business of the institutions, to prevent the affairs of the institutions being conducted in a manner detrimental to the interest of the institutions and to ensure timely completion of books of accounts and final audit, the Registrar of Co-operative Societies in exercise of powers conferred on him under Section 81(1) of the Pondicherry Co-operative Societies Act, 1972 hereby issues the following directions to the Chief Executives of the institutions for strict compliance:-

Audit

a) All the books of accounts of the institutions as prescribed in the Pondicherry Co-operative Societies Rules, 1973, by-laws of the society and any prescribed books of accounts of the institutions should be maintained properly and without any arrears. In any case more than one day arrear in day book of the institutions should not be kept.

b) Well defined clear entrustment orders regarding writing of day book and other books of accounts of the institution, signing and issue of receipt should be made and no employee should be allowed to do the work relating to financial transactions, stock and accounts writing unless it has been specifically assigned to the employee in the entrustment order.

c) Separate accounts wing containing suitable knowledgeable staff should be entrusted with the responsibility of the maintenance of books of accounts of the institution. On no account the staff engaged in accounts wing should be disturbed and diverted to other activities detrimentally affecting the accounts maintenance.

d) Staff who were entrusted with the responsibility of cash, stock and accounts maintenance should not be changed by oral orders and the same should be in writing otherwise responsibility will not be fixed on them in the event of any irregularity.

e) Office orders such as entrustment of cash, stock, maintenance of accounts and other aspects of the institutions should be kept safely and an 'Office Order Register' should be maintained since such vital records are necessary to prove the accountability of the staff.

f) No employee should be appointed without obtaining prescribed surety and cash security deposit and that also without prior approval of this Office.

g) Cash/Stock and such custody of assets and maintenance of the connected registers thereto should not be entrusted to one and the same employee since there may be possibility for falsification of accounts and misappropriation of cash/stock.

h) The accounts written by the authorized employee should be caused to be checked by another authorized employee, to check correctness of the accounts so written and the checking person should be directed to affix his full signature with name and designation under the seal 'Checked'.

i) Internal checking and internal audit system should necessarily be effected without any arrears. Internal audit should not be kept in arrears for more than one month. Internal auditors should not be entrusted with any administrative powers such as making pass orders for payments and he should be entrusted only with the work of internal audit and matters related to statutory audit.

j) The day book of the Institution should be signed by the Chief Executive of the institution, to have greater accountability in the affairs of the institution and on no account it should be delegated to subordinates.

k) The powers of the Chief Executives or President as mentioned in the by-laws of the institution may be delegated to their next rank with regard to cash and administration to the required extent but the same should be done in proper manner and in writing.

Audit

l) Responsible official should be authorized to check and verify the correctness of the accounts especially stock registers, liability register, wages register, day book and such other important registers involving cash and assets of the institution, daily or periodically.

m) Before the commencement of statutory half yearly stock verification, the stock registers should be arranged to be closed and completed in all respects up-to-date and the stocks should be arranged to be stacked and sorted properly for the conduct of statutory stock verification.

n) The method of codification of stock to easily identify the age of the stock should be adopted necessarily in case of cloth and for other items whichever necessary.

o) As the apex and central co-operative institutions are being audited by Chartered Accountants (private auditors) it is the duty of the institutions to arrange to furnish all the required outstanding lists and schedules to the audit report and financial statements to the Chartered Accountant in time. Statutory final audit of the institutions should be arranged to be completed within six months from the close of every accounting year. For any delay in the completion of statutory audit the Chief Executive will be held liable to face the consequences.

p) It is the sole responsibility of the Chief Executive to guide the board of management and to conduct the business of the institution in accordance with the Pondicherry Co-operative Societies Act, Rules, by-laws of the institution, and in accordance with the instructions of this Department without any violation thereto.

q) The Chief Executive shall effect periodical review of the performance of the staff in accounts wing and to ensure correct maintenance of accounts without arrears.

3. The above directions should be scrupulously followed and any violation or any willful disobedience of any of the directions will result in taking consequential action against the Chief Executive of the institution under the provisions of the Pondicherry Co-operative Societies Act, 1972 for having committed offence under the Act, as well as liable for disciplinary action under C.C.S Rules.

4. These directions should be kept in safe custody and should be handed over to the successor whenever the Chief Executive is transferred from the institution.

5. A compliance report should be furnished with regard to the observance of the above directions within 20 days from the date of receipt of this directions and all the Chief Executive should include specifically a separate para in their monthly D.O. Narrative Reports to the Department to the effect that the accounts of their institutions are maintained in all respects completed without any arrears.

M. SRIRAAMULU
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.6/1/69/RCS/I-1/85/321
Government of Pondicherry
Co-operative Department

Pondicherry, the 24.6.1985

C I R C U L A R

Sub: Tax Audit under Section 44AB of the Income Tax Act –
Applicability to co-operative societies – Regarding.

A new Section 44 AB has been introduced in the Income Tax Act, 1961, by the Finance Act, 1984. As the societies are aware, co-operatives are not exempted from the provisions of the Income Tax Act. The new Section provides for compulsory audit of accounts of assesses, having total sales turn over of gross receipts exceeding Rs.40 lakhs business.

The contents of Section 44 AB and 271 AB of the Income Tax Act are brought to the notice of the Presidents/Chief Executives of all the co-operative societies concerned.

“44 AB – Audit of accounts of certain persons carrying on business or profession – Every person-

a) Carrying on business shall, if his total sales turn over or gross receipts, as the case may be, in business exceed or exceeds forty lakhs in any previous year or years relevant to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year, or

b) Carrying on profession shall, if his gross receipts in profession exceed Rs.10 lakhs in any previous years or years relevant to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year, get his accounts of such previous year or years audited by an accountant before the specified date and obtain before that date the report of such audit in prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed:

Provided that in a case where such person is required by or under any other law to get his accounts audited by an accountant it shall be sufficient compliance with the provisions of this Section if such person gets accounts of such business or profession audited under such law before the specified date and obtains before that date the report of the audit as required under such other law and a further report in the form prescribed under this Section.

Audit

Explanation – For the purposes of this Section:

- i) “Accountant” shall have the same meaning in the explanation below sub-section (2) of Section 288.
- ii) “Specified Date” in relation to the accounts of the previous year or years relevant to an assessment year, means the date of the expiry of four months from the end of the previous year, or where there is more than one previous year, from the end of the previous assessment year, or the 30th day of June of the assessment year, whichever is later.”

“Section 271-B Failure to get accounts audited:

If any person fails without reasonable cause, to get his accounts audited in respect of any previous year or years relevant to an assessment year obtain a report of such audit as required under section 44 AB, the Income Tax Officer may direct that such person shall pay, by way of penalty, a sum equal to one half percent of the total sales turn over or gross receipts as the case may be, in business, or of the gross receipts in profession, in such previous year or years or a sum of one hundred thousand rupees, whichever is less.”

From the above it may be noted that

1) Compulsory tax audit by a Chartered Accountant is mandatory in case of co-operatives exceeding Rs.40 lakhs of turn over in the previous year i.e. 1.7.1983 to 30.6.1984 relevant to the Assessment Year 1985-86.

2) The assessee’s accounts should be audited before the specified date, i.e. the date of the expiry of four months from the end of the previous year or 30th day of June of the Assessment Year, whichever is later.

3) If the society is required by any other law to get its accounts audited by an accountant, it shall be sufficient compliance with the provisions of Section 44 AB, if that society gets the accounts audited under such law (Co-operative Act in respect of co-operatives) and a further report in the form prescribed under Section 44 AB.

4) Failure to comply with the provisions of Section 44 AB attracts a penal provision of penalty, a sum equal to 0.5% of the total sales turn over or Rs.1 lakh whichever is less.

5) The assessee is required to enclose the audited accounts and audit report as required under Section 44 AB with the returns filed to the Income Tax Department.

Audit

6) If the accounts are audited by a person other than Chartered Accountant, it has to be again audited by Chartered Accountant for the purpose of Section 44AB. To avoid duplication of work, wherever Chartered Accountants are appointed for annual audit the same Chartered Accountant may be appointed with the approval of this Department to do the work of tax audit under Section 44 AB.

The co-operatives in our territory which fall under the purview of tax audit are therefore advised to speed up appropriate action at their end in consultation with Income Tax consultants and this Department.

M. SYED KABBER AHAMAD
REGISTRAR OF CO-OPERATIVE SOCIETIES

Audit

No.6/1/69/RCS/I-1/85/483
Government of Pondicherry
Co-operative Department

Pondicherry, the 3.9.1985

C I R C U L A R

Sub: Tax Audit under Section 44 AB of the Income Tax Act –
Applicability to co-operative societies – Regarding.

Ref: This Office Circular No.6/1/69/RCS/I-1/85/321 dated 24.6.1985
and 16.7.1985

In continuation of the circular cited on the subject above, it is further clarified that the co-operative societies which are audited by Departmental auditors and which are also required to tax audit the accounts and file returns to the Income Tax Department under Section 44 AB of the Income Tax Act, may appoint without prejudice to the annual audit by the Department auditors, a Chartered Accountant for the purpose of tax auditing for the year 1983-84 and onwards with the approval of this Department.

Proposals for the appointment of Chartered Accountant for the tax audit may be sent to this office for approval and fixation of the remuneration.

This may be treated as Most Urgent.

V.H. JEGARAJ
DEPUTY REGISTRAR (AUDIT)

No.6/1/74/RCS/I-3/87
Government of Pondicherry
Co-operative Department

Pondicherry, the 12.10.1987

C I R C U L A R

Sub: Final Audit of Co-operative Institutions - Revision of audit fees
from the year 1986-87 - Communicated.

Ref: G.O.Ms.No.24/Co-op. dated 24.9.1987 of the Department of
Rural Development (Co-op), Government of Pondicherry.

In the order cited above the Government of Pondicherry has revised the schedule of audit fees leviable for the audit of co-operative societies by this Department with effect from the co-operative year 1986-87. Accordingly, it is hereby informed that the audit fees in respect of audit of the co-operative institutions whose audit is conducted by the Officials of this Department shall be levied at the following rates with effect from the Co-operative year 1986-87.

I. Co-operative Institutions - General

Category of Auditor	- Revised rate of audit fees to be levied per day
1. Co-operative Officer	- Rs.110/-
2. Senior Inspector	- Rs.100/-
3. Junior Inspector	- Rs. 90/-

2. The Government has also extended a concession at the rate of 50% in the levy of audit fees to weaker section co-operative societies which have been formed exclusively for their benefit like landless labourers, rural artisans, carpenters, barbers and washer men etc., in view of the slender financial resources of such societies. The Registrar of Co-operative Societies, Pondicherry will identify and communicate the co-operative societies which are eligible for the 50% concession in the audit fees separately. The concessional rate of audit fees to weaker section co-operative societies will be as follows.

II. Concessional rate of audit fees to Weaker Section Co-operative Societies:

Category of Auditor	-	Rate of audit fees per day
1. Co-operative Officer	-	Rs.55/-
2. Senior Inspector	-	Rs.50/-
3. Junior Inspector	-	Rs.45/-

3. All the auditors are therefore directed to levy the audit fees at the above revised scale in respect of the audit of co-operative societies under their charge with effect from the co-operative year 1986-87. This has been issued in accordance with the Section 74(6) of the Pondicherry Co-operative Societies Act, 1972.

M. SIVAGNANAM
DEPUTY REGISTRAR (AUDIT)

b The rate of audit fees stood revised, for revised rate, kindly see
P. 1.34

No.6/1/74/RCS/I-3/87/29
Government of Pondicherry
Co-operative Department

Pondicherry, the 12.4.1988

PROCEEDINGS

Sub: Final audit of co-operative societies – Identifying societies for concessional levy of audit fees – Regarding.

Ref: G.O. Ms. No.24/Coop. dated 24.9.1987 of the Department of Rural Development (Co-op), Government of Pondicherry.

ORDER

WHEREAS in the order cited above, the Government of Pondicherry have approved the levy of audit fees at concessional scale, as given below, from the societies formed exclusively for the benefit of weaker sections in view of the slender financial resources of such societies and authorized the Registrar of Co-operative Societies to identify such societies eligible for such concessional levy of audit fee.

<u>Category of Auditors</u>	<u>Concessional rate of audit fees to be levied per day</u>
1. Co-operative Officer	.. Rs.55
2. Senior Inspector	.. Rs.50
3. Junior Inspector	.. Rs.45

WHEREAS the undersigned is satisfied that on the basis of financial condition and working of the weaker section co-operative societies, the societies as identified in the Annexure are eligible for levy of audit fees at concessional scale.

NOW, THEREFORE, in exercise of the powers conferred on him under Rule 63(1)(b) of the Pondicherry Co-operative Societies Rules, 1973, read with the G.O. cited in the reference, the undersigned hereby specifies the above concessional fee for final audit of the societies indicated in the Annexure I, which shall be levied from the co-operative year 1986-87 onwards.

G. GEORGE
REGISTRAR OF CO-OPERATIVE SOCIETIES

b The concessional rate of audit fees is revised, for revised rate, kindly see P. 1.34 and list of societies at P. 1.40

ANNEXURE – I

Name of the societies which are eligible for the concession in the levy of audit fees
from the co-operative year 1986-87

I. Pondicherry Region

1. Pondicherry Small Match Producers Industrial Co-operative Society.
2. Pondicherry Carpenters Industrial Co-operative Society
3. Pondicherry Agro Engineering Industrial Co-operative Society
4. Pondicherry Surgical Bandage Cloth Weavers Co-operative Society
5. Pondicherry Coconut and Palm Tree Workers Co-operative Society
6. Pondicherry Coir Workers Co-operative Society
7. Pondicherry Carpet Weavers Co-operative Society
8. Pondicherry Leather Workers Co-operative Society
9. Sathya Women Cottage Industrial Co-operative Society
10. Pondicherry Siddha Medical Practitioners Industrial Co-operative Society
11. Pondicherry Toy Makers Industrial Co-operative Society
12. Pondicherry Kalamkari Handicrafts Co-operative Society
13. Pondicherry Ayurvedic Medical Practitioners Industrial Co-operative Society
14. Oulgaret Periyapet Landless Labourers Co-operative Society
15. Pondicherry Agricultural Landless Labourers Co-operative Society
16. Pondicherry Transport Workers Co-operative Society
17. Pondicherry Cycle Rickshaw and Cart Pullers Co-operative Society
18. Pondicherry Washermen Co-operative Society
19. Pondicherry Power Driven Cycle Rickshaw Workers Co-operative Society
20. Pondicherry Scheduled Caste Transport Workers Co-operative Society
21. Pondicherry Hair Dressers and Music Artists Co-operative Society
22. Pondicherry Power Loom Weavers Co-operative Society.

II All Regions

1. All Fishermen Co-operative Societies
2. All Small Farmers Lift Irrigation Co-operative Societies.

G. GEORGE
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.6/4/42 /RCS/ISN/88
Government of Pondicherry
Co-operative Department

Pondicherry, the 4.1.1989

C I R C U L A R No.1/89

Sub: Co-operative Department - Audit Section - Raw Materials and finished goods, groceries, fertilizers, cloth etc. - Action to dispose of the bad and /or damaged and condemned stock – Regarding.

It was brought to the notice of the undersigned during his visits to some of the co-operative societies in the Union territory of Pondicherry that damaged and unused raw-materials, un-salable finished goods, unserviceable furniture, date-expired fertilizers and pesticides and groceries, other dietary articles and medicines which had become unfit for human consumption, were kept in the societies undisposed for a long time and also no action was hitherto taken to dispose of those stocks through auction sales/discount sales or to condemn such of those stocks which could not be sold and write off the same in the accounts of the society as loss with the permission of the Registrar. Therefore, it is requested that on receipt of this circular necessary action should be taken in accordance with the guidelines given below and intimate the action taken therefor to this Office.

FURNITURE:

Separate list of damaged and unserviceable furniture in the societies should be prepared during the half yearly stock verification and placed before the board meeting. After obtaining the permission of the Registrar of Co-operative Societies, the same should be disposed of through public auction. While taking the resultant gain/loss to the profit and loss account the depreciation reserve created on the said assets should also be released.

RAW MATERIALS AND FINISHED GOODS:

Raw materials which are damaged and deteriorated owing to efflux of time and are unfit for use and finished goods which are unsold for a long time may be disposed of at cost price after resolving in the board meeting of the society to do so. In case the raw materials/finished goods are required to be disposed of through auction/discount sale at price below the cost price, necessary permission of the Registrar of Co-operative Societies has to be obtained before disposal.

Audit

GROCERIES, DIETARY ARTICLES, MEDICINES, FERTILIZERS, PESTICIDES AND COSMETICS:

These commodities should be indented strictly according to the needs only. It must also be ensured that these commodities are disposed of well before the date of expiry, i.e., at least 3 months before the specified date. Such of those commodities that could not be sold before the date of expiry should not be kept in the sales counter and immediate action should also be taken to get those articles replaced from the manufacturers/distributors or condemned.

The commodities must be kept clean and displayed attractively and also in such a way that the stock received first moves first. Recovery should be made then and there from the persons concerned at the selling price for those commodities which are damaged due to the negligence of the salesman/stock-in-charge.

Unnecessary accumulation of damaged/condemned stock which not only occupy space but also lock-up the capital should be averted. Hence, soon after the monthly stock verification is done, action should be taken to consider this matter in the board meeting and dispose of such articles at cost price. Similarly, while conducting half-yearly stock verification, separate list of the commodities which are to be sold through public auction or at discount rate which is less than the cost price, should be prepared and placed before the committee. The said commodities should be disposed of as resolved by the board and approved by the Registrar of Co-operatives Societies.

TEXTIELS:

Piling-up of stock and locking-up of funds will become inevitable if excess stocking of textiles is resorted to by the societies. Besides, the fashion and taste of the consumers are subject to frequent change. Therefore, the institutions dealing in textiles should indent stock considering the seasonal requirements only. Further, it must also be ensured that the textile goods are disposed of within two years. Hence, the stock which could not be sold within a period of two years should be isolated from the other stocks during the annual stock verifications and it may be disposed of at discount rate not below the cost price. If the same is to be sold at prices less than the cost price, it should be done only after obtaining permission from the Registrar of Co-operative Societies.

OTHER COMMODITIES:

Appropriate action should also be taken to dispose of such commodities other than those specified in this circular considering their nature/condition, after obtaining the permission of the Registrar of Co-operative Societies wherever necessary.

The receipt of this circular should be acknowledged.

M.J. AMBROISE
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.6/1/42/RCS/I-1/88/146
Government of Pondicherry
Co-operative Department
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Pondicherry, the 10.4.1989

CIRCULAR

Sub: Co-operative Department – Audit Section - Sale of fixed assets in co-operative societies and accounting treatment therefore – Instructions - Issued.

Instances have come to the notice of this Department that some of the co-operative societies in the Union territory of Pondicherry have disposed of the fixed assets like land and buildings, plant and machinery, vehicles etc., at price in excess of the book value and taken the surplus as profit. In this connection it is felt necessary to issue clarification and instruction to all co-operative societies and their auditors.

1. Whenever any fixed asset of any co-operative society is disposed of at a price more than the book value, the surplus realized out of the transaction cannot be considered as divisible profit and therefore should not taken to the profit and loss account. Instead the same should be considered as capital reserve and therefore should be shown as such on the liability side of the balance sheet.
2. Whenever any fixed asset of any co-operative society is disposed of at a price less than the book value, the loss incurred in that transaction should be taken to the profit and loss account as loss for the year concerned if the amount is small. In case the loss incurred on sale of fixed asset being huge, the same may be written off in two or three years, depending on the amount involved.

The above instructions are not applicable to the societies under liquidation. This issues superseding all instructions, if any, issued in this regard earlier.

M. ANNUSAMY
DEPUTY REGISTRAR (AUDIT)

No.6/1/40/RCS/I1/92/1382
Government of Pondicherry
Co-operative Department

Pondicherry, the 10.9.1993

C I R C U L A R - 3/93

Sub: Co-operative Department - Audit section - Stock verification of various co-operative institutions of Union territory of Pondicherry – Directions - Issued - Regarding.

Instances have come to the notice of the undersigned that when officers go to audit the accounts, especially stock verification work, they do not have to be invited to be shown the stock. It is their duty, prima facie, to search for the stock in the godown/stores of the co-operative institutions, where goods are reasonably expected to be kept. Only in the event of stocks being deliberately hidden, the stock verification officers can take a plea that goods were not shown to them and hence deficit is arrived at.

Generally, most of the stock verification officers are not conducting the annual stock verification work in respect of the co-operative institutions entrusted to them in strict conformity and the guidelines issued by this Department and simply resorted to the figures available in the stock registers and submitting the stock verifications reports casually.

The said practice is highly irregular on the part of the stock verification officers and it was not expected from the responsible stock verification officers of this Department.

Besides, it is also noticed that the stock verification officers do not attend the stock verification work with utmost care and diligence. It is also observed that the stock verification officers are attending the stock verification work belatedly on their own motion prohibiting the scheduled date, and consequently many problems have arisen in this regard.

Therefore, the stock verification officers are hereby instructed to strictly follow the following stringent measures, during the course of stock verification without fail:

1. The stock verification officers should not expect to be invited to be shown the stocks. It is their duty, prima facie, to search for the stock in the godown/stores of the respective co-operative institutions, where goods are reasonably expected to be kept.

Audit

2. The stock verification officers are hereby directed to conduct physical verification of stocks and the other assets (including cash balance) as required under Section 74(2) of the Pondicherry Co-operative Societies Act, 1972, strictly.
3. The stock verification officers are instructed to classify the stocks as marketable and condemned stock with reference to the age and quality of the goods concerned and indicate in the stock verification reports. Separate list should be prepared for condemned stock and value should be shown in the abstract separately.
4. The stock verification officers should attend the stock verification work with utmost care and diligence and there should not be any delay or lapse on their part.
5. The stock verification officers are specifically advised to be meticulous in the preparation of the stock verification reports and they are responsible for the physical and arithmetical accuracy, etc., since the same is an important document for the preparation of financial statements at the end of the co-operative year and also to be enclosed with the final audit memorandum.

The above said procedure should be adhered to scrupulously.

P. MATHEW SAMUEL
REGISTRAR OF CO-OPERATIVE SOCIETIES

Audit

No.6/1/24/RCS/Audit/I1/96
Government of Pondicherry
Co-operative Department

Pondicherry, the 24.5.1997

C I R C U L A R

Sub: Co-operative Department – Audit section – Guidelines for
preparation of schedule of defects under Rule 62(5) of the
Pondicherry Co-operative Societies Rules, 1973.

In order to guide the Auditors in drafting the schedule of defects as contemplated under Rule 62(5) of the Pondicherry Co-operative Societies Rules, 1973, a set of guidelines is enclosed.

All the Auditors are strictly instructed to adhere the instructions contained in the guidelines in the preparation of schedule of defects without any deviation, in future.

R. MURUGESAN
DEPUTY REGISTRAR (AUDIT)

**GUIDELINES FOR DRAFTING SCHEDULE OF DEFECTS TO BE APPENDED
WITH THE FINAL AUDIT MEMORANDUM**

The final audit memorandum is required to contain the schedule of defects with the following particulars under Rule 62(5) of the Pondicherry Co-operative Societies Rules, 1973.

- (i) All transactions which appear to be contrary to the provisions of the Act, Rules or the bye laws of the society,
- (ii) All sums which ought to have been but have not been brought into account by the society,
- (iii) Any material impropriety or irregularity in the expenditure or in the realization of moneys due to the society,
- (iv) Any money or property belonging to the society which appears to the person who does the audit to be bad or doubtful debts, and
- (v) Any other matters specified by the Registrar in this behalf.

The Auditor should properly classify the defects/objections noticed/raised during the course of audit taking into consideration the provisions of the above said Rule and also on its money value and seriousness.

The defects should be pointed out in an objective manner and wherever serious defects are noticed, the auditor should submit a special report separately to the Registrar of Co-operative Societies, for further action.

While drafting the schedule of defects, the Auditor should bear in mind the following:-

1. Points in the schedule of defects with facts and figures, instances and other details wherever available should also be precisely and specifically furnished to make the defects more substantial.
2. Unwarranted and evasive suggestions and remarks should be avoided.
3. Serious irregularities should be pointed out in an un-biased/impartial manner and in a palatable language, without giving any importance to any individual.
4. Vague and ambiguous statement should be avoided, e.g., if the previous year defects are not rectified by the society, the defects which are not rectified should be specifically mentioned. Writing of defect as "Previous year defects not rectified" should be avoided.

Audit

5. Frivolous defects which do not have any direct bearing either on the accounts or the administration of the society should not be included.
6. Violation of Act, Rules and bye laws should be mentioned distinctively quoting the relevant Section. Rules or bye laws number as the case may be.
7. Schedule of defects should be drafted in the regional language wherever possible in respect of the following type of societies for easy understanding:
 - (a) Village Co-operative Agricultural Credit Society
 - (b) Farmers Service Co-operative Society
 - (c) Primary Agricultural Co-operative Bank
 - (d) Co-operative Milk Producers Society
 - (e) Industrial/Miscellaneous Society
 - (f) Fishermen Co-operative Society.

The following are examples of defects which could be classified as per the Rule 62(5) of the Pondicherry Co-operative Societies Rules, 1973.

Schedule I:-

(a) Infringement of Act, Rules and bye laws, such as failure to hold general body meetings, failure to hold committee meetings, transaction of business in meetings without quorum, appointment of employees contrary to the subsidiary regulations and appointment exceeding the sanctioned strength.

(b) Activities undertaken which are not covered by the objects of the society,

(c) Utilization of funds without Registrar's permission in business which is not permitted under the Act, Rules and bye laws, e.g. reserve fund, staff gratuity, employees' provident fund, staff security deposit, etc.

(d) Disqualification, if any, in respect of committee members.

(e) Defective system of accounting, failure to maintain necessary books of accounts and registers, as stipulated in the Rules 13, 14 and 15 of the Pondicherry Co-operative Societies Rules, 1973.

(f) Unsatisfactory arrangement for custody of cash, securities, stores, stock etc. (No proper entrustment of cash, stock, etc.).

Audit

(g) Incurring of expenditure from general funds of the society for the purpose not directly connected with the business of the society without Registrar's permission (Rule 58).

(h) Investment of funds in the purchase/ lease of land or in the purchase, construction or remodeling of any building without Registrar's permission (Rule 50).

(i) Failure to prepare budget for the accounting year.

(j) Fixing of pay scale to the employees without Registrar's permission.

(k) Failure to rectify the audit defects of the previous year within three months from the date of receipt of audit report.

(l) If the profit appropriation has not been done in accordance with the Act, Rules and bye laws, it should be mentioned in the schedule of defects.

(m) Failure to frame subsidiary regulations in respect of staff service conditions and other staff welfare matters and business of the society, e.g., issue of loan, etc.

(n) Failure to obtain security deposit and fidelity guarantee from the staff.

Schedule II: -

(a) Entries in the books which are misleading or passed intentionally with a view to conceal irregularities;

(b) Misappropriation of cash, stock by manipulation or falsification of accounts;
and

(c) Moneys and other properties which have been unauthorisedly retained by any office bearer/ staff of the society.

Schedule III: -

(a) Irregularities in the realization of money due to the society;

(b) Advance taken by office bearers and staff which have not been accounted for and remain to be recovered.

(c) Expenses which are not incidental to the business of the society;

(d) Expenses which are not properly sanctioned/passed;

Audit

(e) Issue of unauthorized loans to the members of the committee and office bearers;

(f) Loans issued to non-members or based on the surety of non-member;

(g) Loans issued exceeding the individual maximum borrowing limit;

(h) Benami loans;

(i) Loans which are not properly secured; and

(j) Personal expenditure of the directors and office bearers paid by the society.

Schedule IV: -

(a) Loans and advances which have become irrecoverable;

(b) Bad debts;

(c) Doubtful debts;

(d) Creation of reserve towards bad and doubtful debts; and

(e) Failure to file arbitration claims in respect of overdue loans and execution petition in respect of decreed loan.

Schedule V: -

(a) Unattested corrections, unsigned documents and incomplete documents;

(b) Mistake in calculation and totaling, wrong calculation of interest, etc.;

(c) Cancelled receipts, or cheques, the original of which has not been attached to office copy or counterfoil;

(d) Defective vouchers, e.g.

(i) Vouchers which are not stamped.

(ii) Not in the name of the society.

(e) Remittance received for which official printed receipts have not been prepared; and

(f) Failure to insure the cash and stock of the society.

Audit

No.16/1/24/RCS/I1/96/332
Government of Pondicherry
Co-operative Department

Pondicherry, the 19.8.1997

CIRCULAR - 2/97

Sub: Co-operative Department - Audit - Instructions regarding
conduct of stock verification in the co-operative institutions –
Issued.

It has been brought to the undersigned that some of the verification officers have conducted physical verification of stock at random and furnished the stock verification report without certifying the correctness of the value of the book stock and verified stock and as such the stock verification report submitted by them does not reflect the actual stock held by the society. Hence, there is every possibility for inflation / deflation of profit.

The stock verification officers are discharging a statutory duty under Section 74 of the Pondicherry Co-operative Societies Act, 1972. Therefore, they should be more vigilant in conducting stock verification and submitting the report therefor.

The stock verification officers should thoroughly verify the stock held by the society invariably and they should avoid verification of stock at random.

The stock verification officers should ensure the correctness of the value of book stock and verified stock furnished in the stock verification report. They will be held responsible for submitting incorrect stock verification reports.

**G. RAGESH CHANDRA
REGISTRAR OF CO-OPERATIVE SOCIETIES**

Audit

No.6/1/24/RCS/Audit/I1/96 /377
Government of Pondicherry
Co-operative Department

Pondicherry, the 22.9.1997

C I R C U L A R 4/97

Sub: Co-operative Department - Audit - Guidelines for creation of reserves and provisions - Issued.

Ref: Circular No.RCS/ISN/11289/76-8 dated 5.7.1976 of the Deputy Registrar (Audit).

In order to guide the auditors of this Department for creating reserves and provisions in the financial statements of the co-operative institutions, a set of fresh guidelines in supersession of the earlier instructions/guidelines contained in the circular cited, in respect of depreciation, reserves and provisions for bad and doubtful debts is enclosed.

All the auditors of this Department are strictly instructed to follow the guidelines appended herewith while finalizing the accounts of the co-operative institutions.

**G. RAGESH CHANDRA
REGISTRAR OF CO-OPERATIVE SOCIETIES**

**GUIDELINES FOR CREATION OF RESERVES AND PROVISIONS UNDER
CIRCULAR No.6/1/24/RCS/I-1/96/ DATED 22.9.1997**

The intent and purpose of creating reserves and provisions in the imperial statement of a co-operative society are well known. Further under Section 74(2) of the Pondicherry Co-operative Societies Act, 1972 it is mandatory to value the assets and liabilities as on the date of the balance sheet and to create necessary reserves and provisions as the case may be for the decrease in the value of assets of the society concerned.

The earlier instructions of this Department in this regard have almost gone out of mind and are not readily available for reference by the department auditors and hence the following guidelines are now issued for strict compliance by the auditors of this Department.

(A) DEPRECIATION:

Since the Auditor has to certify the correctness of the profit and loss account and balance sheet and whether they represent a true and fair view of the state of affairs of the society, he has to satisfy himself that the amount of depreciation charged in the profit and loss account is adequate and whether the value of assets shown in the balance sheet is correct. The provision for depreciation should not exceed the original cost of asset.

Straight line method or written down value method of providing depreciation is being followed by the co-operative institutions. The rates of depreciation vary from asset to asset depending upon the various factors taken into consideration in this regard. The following rates of depreciation for different type of assets are being recommended to be followed by the auditors of the co-operative societies while providing depreciation in the straight line method in the imperial statement.

<u>Name of the Asset</u>	<u>Percentage of Depreciation</u>
1. Furniture, Fittings and Library Books	10%
2. Building	5%
3. Bore well	5%
4. Electric pump sets	10%
5. <u>Vehicles</u>	
I-Year	30%
II-Year	25%
III-Year	20%
IV- Year	15%
V-Year	10%
6. Machinery owned by printing press	8%
7. Printing types	10%
8. Power looms	10%
9. Plastic trays	33 1/3%

Audit

In the case of furniture/vehicles purchased from out of the subsidy granted by the Government under plan schemes or by some other agency through some other source, depreciation need not be provided to the extent of the subsidy received.

B. RESERVE FOR BAD AND DOUBTFUL DEBTS:

As per Section 74(2) of the Pondicherry Co-operative Societies Act, 1972, the audit shall include an examination of overdue debts, if any, and under Rule 62(5) of the Pondicherry Co-operative Societies Rules, 1973, every audit memorandum shall contain schedules with full particulars of any money or property belonging to the society which appear to be bad or doubtful debts. As such it is mandatory on the part of the auditor who conducts audit in the co-operative institutions to examine the overdue debts and to furnish a schedule of bad and doubtful debts in the audit report. The duty of the auditor does not cease with the examination of overdue debts and the furnishing of a schedule for bad and doubtful debts. He should create necessary reserves to equalize the loss that may occur at a future date on account of the bad and doubtful debts.

The following categories of loans should be treated as bad and doubtful:

I. Bad

- (a) Loan outstanding for more than six years from the due date whether secured or not.
- (b) Loans in respect of which decrees or execution petitions obtained have become time barred by limitation.
- (c) Loans in respect of which non-registered documents, if any, have been lost or the borrowers refuse to execute fresh bonds.
- (d) Loans in respect of which the loandhars or sureties are declared insolvent or died leaving no assets.
- (e) Loans that were not recovered even after an award had been passed.
- (f) Loans in respect of which the loandhars have left the area of operation and the sureties have no assets to repay the loans.
- (g) Loans which are overdue for more than three years but less than six years with no tangible security.

II. Doubtful:

- (a) Loans overdue for more than three years but less than six years with tangible security.
- (b) Loans overdue for more than one year but less than three years and where the loans is on personal surety neither the borrower nor the surety has any tangible assets.

The auditor should assess the bad and doubtful reserves carefully and create reserve accordingly.

Bad and doubtful debts reserve should be created on the above said type of loans at the following rates:

A. Bad Debts:

100% on the net loan amount recoverable from the loandhars after deducting the share capital amount contributed by them.

B. Doubtful debts:

10% on the net loan amount recoverable from the loandhars after deducting the share capital amount contributed by them (accrual basis).

C. Capital Reserves:

The profit earned on account of sale of fixed assets (i.e. sale value – original cost) should be taken to a separate reserve called “capital reserve”. The capital reserve so created should not be distributed to the members since the profit earned on the sale of fixed assets is not a trading profit.

For example: Furniture purchased for Rs.1,000/- was sold for Rs.1,500/-. The depreciation provided on the furniture works out to Rs.600/-.

In this case the profit of Rs.500/- earned on the sale of furniture (i.e., sales amount – original cost) should be treated as capital profit and it should be shown as capital reserve in the liability side of the balance sheet and the depreciation of Rs.600/- provided on the furniture should be taken to profit account.

D. Overdue Interest Reserve:

The interest accrued on overdue loans should not be treated as divisible profit since the realization/recovery is not assured one. Therefore, the auditors should create reserve to the extent of overdue interest credited to the profit and loss account.

E. Reserve for Stock Deficit:

The deficits noticed in the course of audit in stock in-trade, or furniture and fittings or any other assets of the society should be shown separately in the financial statements, and necessary reserve should be created to the extent of stock deficit, i.e., deficit stock in unit calculated at selling price and the deficit asset like furniture and fittings at original cost price.

F. Reserve for damaged, condemned and obsolete stock:

The Auditors should create necessary reserves to the extent of damaged, condemned and obsolete stock reported in the stock verification report.

G. Reserve for objected items:

The expenditures incurred by the societies are of two kinds namely capital expenditure and revenue expenditure.

The Auditor need not create reserve in respect of the capital expenditures such as purchase of furniture and purchase of land for the simple reason that the society has failed to obtain administrative sanction from the Registrar of Co-operative Societies. He can object and create reserve on the capital expenditures, only when he suspects the bonafide of the transaction.

If the expenditure is of revenue nature and the payment is found doubtful, the auditor should object the entire payment and reserve should be created for the entire amount objected.

H. Provision for Income Tax:

Under the Income Tax Act every society in which gross receipts exceeds Rs.40.00 lakhs must file returns before the end of October of the succeeding year. In such cases provision should be made in the final financial statement for the tax payable by the society concerned.

I. Provision for Sales Tax:

In every co-operative society which is to file sales tax returns to the authorities concerned for every accounting year, the Auditor should call for the details of the sales tax assessed and should make provision for sales tax payable by the society concerned as on the date of close of the accounting year by debiting the Profit & Loss account. If the assessment of sales tax has not completed, provision for sales tax may be made based on the returns filed by society by debiting the Profit and Loss account.

J. Provision for Gratuity:

It is mandatory on the part of the society to pay gratuity to the employees of the society concerned at the rate of half-month pay for every completed year of service under Rule 56 of the Pondicherry Co-operative Societies Rules, 1973.

Therefore, the auditors should make provision in the financial statement for payment of gratuity to the employees of the society taking into consideration of the services rendered by the employees on the following formula.

$$\frac{(\text{Basic Pay} + \text{D.A}) \times 15 \text{ days} \times \text{No. of years of service}}{26 \text{ days}}$$

K. Provision for Payment of Bonus:

Bonus is being paid to the staff working in the co-operative institutions on the basis of the Payment of Bonus Act and instructions issued by the Registrar of Co-operative Societies in this regard.

Therefore, it is enough if the Auditors make provision for payment of bonus only in accordance with the availability of allocable surplus as per the Bonus Act.

**GOVERNMENT OF PONDICHERRY
ABSTRACT**

Co-operation - Fee for Final Audit of Co-operative Societies - Revision - Ordered.

CHIEF SECRETARIAT (CO-OPERATION)

G.O.Ms.No.1/Co-operative

Pondicherry, the 12.4.1999

- Read: 1. G.O.Ms.No.24, dated 24.9.1987 of Development Department.
2. I.D. File No. 7/4/7/RCS/A/99, dated 19.3.1999 from the Registrar of Co-operative Societies, Pondicherry.

ORDER:

Orders have been issued in the G.O. cited to the effect of fixing revised scale of fees for final audit of co-operative societies with effect from the co-operative year 1986-87 at the rates shown below:

Category of Staff	Rate of Audit fees to be recovered from societies (per day)
	Rs.
Co-operative Officer (previously Co-operative Sub-Registrar)	110.00
Senior Inspector	100.00
Junior Inspector	90.00

2. In the I.D. File referred above, the Registrar of Co-operative Societies has now proposed to revise the above said scales of audit Fee with effect from the co-operative year 1999-2000 as shown below:

Category of Staff	Rate of Audit fees to be recovered from societies (per day)
	Rs.
Co-operative Officer (previously Co-operative Sub-Registrar)	300.00
Senior Inspector	250.00
Junior Inspector	200.00

The Registrar of Co-operative Societies has also proposed that in-respect of certain categories of societies formed for the benefits of weaker sections, like landless laborers, rural artisans, carpenters, barbers, washer men, fishermen etc., beside student stores, the fees to be recovered may be 50% of the above proposed revised fees, in view of the slender financial resource of such societies.

Audit

3. After consideration, Government approved the above said proposal of the Registrar of Co-operative Societies and direct that the existing scale of fees for the audit of the co-operatively societies will be revised as shown below with effect from the co-operative year 1999 – 2000.

Category of staff	Rate of audit fees to be recovered (per day)
GENERAL SOCIETIES	
	Rs.
Co-operative Officer (Previously Co-operative Sub-Registrar)	300.00
Senior Inspector	250.00
Junior Inspector	200.00

2. Societies for weaker sections like landless labourers, rural artisan, fishermen co-operatives, lift irrigation co-operatives, student co-operative stores, etc.

Category of staff	Rate of audit fees to be recovered (per day)
	Rs.
Co-operative Officer (Previously Co-operative Sub-Registrar)	150.00
Senior Inspector	125.00
Junior Inspector	100.00

4. Government is authorize the Registrar of Co-operative societies, Pondicherry to identify such of these societies which have been formed expansively for the benefit of weaker sanctions like landless labourers, rural artisans, fishermen co-operative societies, lift irrigation co-operative societies, students co-operative stores etc., and which require levy of concessional rate of audit fees and collect the fees accordingly as approved be Government.

5. This issues with the concurrence of Finance Department vide their U.O. No. 31839/99/13/A2, dated 6.4.1999.

-By order of the Lieutenant Governor-

Dr. JAYANTA KUMAR RAY
UNDER SECRETARY TO GOVERNMENT

Audit

No.6/1/64/RCS/Audit/I(1)/2000/199
Government of Pondicherry
Co-operative Department

*

Pondicherry, the 25.5.2000

I.D. NOTE

Sub: Co-operative Department - Audit Section - Filing of complaint
with the Vigilance and Anti-Corruption Police Unit - Procedure
to be followed - Regarding.

It is informed that the practice of obtaining clearance from the office of the Chief Vigilance Officer and then filing the same with the Superintendent of Police, Vigilance and Anti-Corruption Unit, which is in vogue at present is dispensed with, with immediate effect as per the orders of the Chief Vigilance Officer. Hereafter any criminal complaints to be filed with the Superintendent of Police (VAC) may be filed direct either by the society concerned or by the Auditor/ Inquiry Officer/Inspecting Officer authorized by the Registrar.

/ By order /

S. RAMAKRISHNAN
JOINT REGISTRAR OF CO-OPERATIVE SOCIETIES

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Audit

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No.6/1/23/RCS/Audit/I(1)/2005/118
Government of Pondicherry
Co-operative Department

Pondicherry, the 13.4.2004

CIRCULAR

Sub: Co-operative Department - Conduct of Annual General Body Meeting and appropriation of net profit - Payment of dividend on Government shares - Remittance of dividend on Government Accounts - Directions- Issued.

Section 31(2)(a) of the Pondicherry Co-operative Societies Act, 1972 stipulates that all the registered co-operative societies shall convene general body meeting once in a year for the purposes mentioned therein, one of which is placing of audit report. Instances have come to notice of the undersigned that societies have not convened general body meetings for several years for placing the audit reports for approval of the general body.

The bye laws of the societies also make it obligatory on the part of the committee of management that the societies shall convene a meeting of the general body at least once in a year for the above said purpose. It is, also necessary that the societies should convene their general body meeting to place the audit report and allocate the profit of the audited year. Even where the societies working on loss, it is compulsory that the audited reports are to be placed before the general body.

It is, therefore requested that all the co-operative societies should take necessary steps to convene general body meeting immediately after the conduct public election to place the audit reports and dispose net profit.

It is informed further that the general body meeting was convened and profit appropriation has been made for any particular audited year and also declared dividend on shares, especially on Government shares which is still unpaid to Government account, the same should be arranged to be paid into Government account immediately.

G. RANGANATHAN
REGISTRAR OF CO-OPERATIVE SOCIETIES

No.7/4/7/RCS/ARBN/2004/205
Government of Pondicherry
Co-operative Department

Pondicherry, the 9.11.2004

PROCEEDINGS

Sub: Final audit of co-operative societies - Identifying societies
for concessional levy of audit fees – Reg.

Ref: G.O.Ms.No.1/Co-op. dated 12.4.1999 of the Chief
Secretariat (Co-op), Government of Pondicherry.

ORDER:

WHEREAS in the Order cited above, the Government of Pondicherry have approved the levy of audit fees at concessional scale as given below from the societies formed exclusively for the benefit of weaker sections in view of the slender financial resources of such societies and authorized the Registrar of Co-operative Societies to identify such societies eligible for such concessional levy of audit fee.

Sl. No.	Category of Auditors	Normal Rate	Concessional rate of fees to be levied Per day
1.	Co-operative Officer	Rs.300/-	Rs.150/-
2.	Senior Inspector	Rs.250/-	Rs.125/-
3.	Junior Inspector	Rs.200/-	Rs.100/-

WHEREAS the undersigned is satisfied that on the basis of financial condition and working of the weaker section co-operative societies, the societies as identified in the Annexure are eligible for levy of audit fee at concessional scale.

NOW, THEREFORE, in exercise of powers conferred on him under Rule 63(1)(b) of Pondicherry Co-operative Societies Rules, 1973 read with G.O. cited in the reference, the undersigned hereby specifies the above concessional fee for final audit of the societies indicated in the Annexure I, which shall be levied from the co-operative year 1999 – 2000 onwards.

G. RANGANATHAN
REGISTRAR OF CO-OPERATIVE SOCIETIES

ANNEXURE – I

**LIST OF RURAL ARTISANS/WEAKER SECTION/FISHERMEN/STUDENTS
CO-OPERATIVE SOCIETIES**

PONDICHERRY REGION

Fishermen Co-operatives

1. Angalamma Fishermen Co-operative Society
2. Chinnaveampattinam Fishermen Co-operative Society
3. Ganapathichettikulam Fishermen Co-operative Society
4. Kalapet Fishermen Co-operative Society
5. Muthumariamman Fishermen Co-operative Society
6. Murungapakkam Fishermen Co-operative Society
7. Moorthikuppam Fishermen Co-operative Society
8. Narambai Fishermen Co-operative Society
9. Nallavadu Fishermen Co-operative Society
10. Pachaivazhiamman Fishermen Co-operative Society
11. Pannithittu Fishermen Co-operative Society
12. Poornankuppam Fishermen Co-operative Society
13. Pondy Fishermen Co-operative Society
14. Pillaichavikuppam Fishermen Co-operative Society
15. Parvathavarthini Fishermen Co-operative Society
16. Solaithandavankuppam Fishermen Co-operative Society
17. Thillaiamma Fishermen Co-operative Society
18. Vambakeerapalayam Fishermen Co-operative Society
19. Veerampattinam Fishermen Co-operative Society
20. Vaithikuppam Fishermen Co-operative Society
21. Vallathammal Fishermen Co-operative Society
22. Villianur Inland Fishermen Co-operative Society
23. Pudukuppam Fishermen Co-operative Society
24. Pudukuppam Fisherwomen Co-operative Society
25. Kanthariamman Fishermen Co-operative Society
26. Nagamuthu Fishermen Co-operative Society
27. Sri Sengazhineeramman Fisherwomen Co-operative Society
28. Sri Anbgalaparameswari Inland Fisherwomen Co-operative Society
29. Sri Manathaswami Ariyankuppam Patchaivazhiamman Fisherwomen
Co-operative Society

Lift Irrigation Co-operative Societies

1. Ganapathichettikulam Small Farmers Lift Irrigation Co-operative Society
2. Kalitheerthalkuppam Small Farmers Lift Irrigation Co-operative Society
3. Kaveri Small Farmers Lift Irrigation Co-operative Society
4. Thengaithittu Small Farmers Lift Irrigation Co-operative Society

Audit

Industrial/Women/Miscellaneous & Other Co-operatives

1. PIC Press
2. Pondicherry Carpenters Industrial Co-operative Society
3. Pondicherry Women Cottage Industrial Co-operative Society
4. Sathiya Women Cottage Industrial Co-operative Society
5. Pondicherry Tanjore Arts Women Artisans Co-operative Society
6. Pondicherry Toy Makers Industrial Co-operative Society
7. Pondicherry Pudumai Handcraft Artisans Co-operative Society
8. Muthialpet Washermen Industrial Co-operative Society
9. Pondicherry Labour Contract Co-operative Society
10. Kamarajar Loadmen Self Employment Co-operative Society
11. P.S. Palayam Vegetable Fruit and Flowers Co-operative Society
12. The Pondicherry Co-operative Book Society
13. Pudhuvai Computers Co-operative Society
14. Annai Indira Gandhi Courier Services Co-operative Society
15. Pudhuvai Arunthathiyar Leather Producers Manufacturing and Marketing Society
16. Puduvai Construction Workers Co-operative Society

Students Stores

1. Bharathidasan Women's College Students Co-operative Stores
2. Bahour Students Co-operative Stores
3. Fathima Higher Secondary School Students Co-operative Stores
4. Inidra Nagar Students Co-operative Stores
5. Jipmer Consumer Co-operative Stores
6. Kalapet Students Co-operative Stores
7. Kurusukuppam Students Co-operative Stores
8. Koonichempet Students Co-operative Stores
9. Kannagi Government Girls Higher Secondary Students Co-operative Stores
10. Mudaliarpet Students Co-operative Stores
11. Madagadipet Students Co-operative Stores
12. Nettapakkam Students Co-operative Stores
13. Pondicherry (South) Students Co-operative Stores
14. Susilabhai Government Girls Higher Secondary School Students Co-operative Stores
15. Sinnatha Government Girls High Secondary School Students Co-operative Stores
16. Sri V. Ramamoorthy Students Co-operative Stores
17. Tagore Arts College Students Co-operative Stores
18. Tamizh Thendral Thiru Vi. Ka. Students Co-operative Stores
19. Villianur Students Co-operative Stores
20. Kasthuribai Gandhi Government Girls Higher School Students Co-operative Stores
21. Pondicherry Veterinary College Students Co-operative Stores

KARAIKAL REGION

Fishermen Co-operative Societies

1. Karaikalmedu Fishermen Co-operative Society
2. Kalikuppam Fishermen Co-operative Society
3. T.R. Pattinam Fishermen Co-operative Society
4. Karukalacherry Fishermen Co-operative Society
5. Kilinjalmedu Fishermen Co-operative Society
6. Elachiamman Inland Fishermen Co-operative Society
7. North Vanjur Fishermen Co-operative Society
8. Renuka Deviamman Fishermen Co-operative Society
9. Vanmathi Fisherwomen Co-operative Society
10. Neithal Fisherwomen Co-operative Society
11. Chembarthui Fisherwomen Co-operative Society
12. Alaikadal Fisherwomen Co-operative Society
13. Sri Marimman Fishermen Co-operative Society
14. Annaitheresa Fisherwomen Co-operative Society

Rural Artisan and Weaker Section Co-operative Societies

1. Karaikal Women Printing Press
2. Karaikal Women Tailoring Society
3. Karaikal Pugazh Handicrafts Artisan Co-operative Society
4. Karaikal Transport Co-operative Society
5. Dr. Ambedkar SC Educated Unemployed Youth Co-operative Society

Students Co-operative Stores

1. Karaikal Government High School Students Co-operative Stores
2. Nedungadu Government High School Students Co-operative Stores
3. T.R. Pattinam Government High School Students Co-operative Stores
4. Neravy Government High School Students Co-operative Stores
5. Thirunallar Government High School Students Co-operative Stores
6. Arignar Anna Government Arts College Students Co-operative Stores
7. Kottucherry Government High School Students Co-operative Stores
8. Avvaiyar Women's College Students Co-operative Stores
9. Ambagarathur Government High School Students Co-operative Stores
10. Koilpathu Government High School Students Co-operative Stores
11. Vizhidhiyur Government High School Students Co-operative Stores
12. Poovam Government High School Students Co-operative Stores
13. PAJANCOA Students Co-operative Stores

MAHE REGION

Fishermen Co-operative Societies

1. Mahe Fishermen Co-operative Society
2. Indira Priyadharshini Fisherwomen Co-operative Society

Audit

Rural Artisan and Weaker Section Co-operative Societies

1. Mahe Industrial Co-operative Printing Press
2. Vikas Women Cottage Industrial Co-operative Society
3. Mahe Auto Rickshaw Drivers Industrial Co-operative Society
4. Mahe Transport Co-operative Society
5. Mahe Horticulture Co-operative Society
6. Mahe Co-operative Centre for Information Technology
7. Mahe Vanitha Co-operative Society
8. Mahe Educational Co-operative Society
9. Mahe Labour Contract Co-operative Society

Students Co-operative Stores

1. Paloor High School Students Co-operative Stores
2. Jawaharlal Nehru Government High School Students Co-operative Stores
3. Mahatma Gandhi Government College Students Co-operative Stores
4. Pandakkal Government High School Students Co-operative Stores
5. Government Girls High School Students Co-operative Stores
6. Government Boys Higher Secondary School Students Co-operative Stores, Palloor.

YANAM REGION

Fishermen Co-operative Societies

1. Yanam Fishermen Co-operative Society
2. Agraharam Fishermen Co-operative Society
3. Savithirinagar Fishermen Co-operative Society

Students Co-operative Stores

1. Yanam Students Co-operative Stores
2. Dr. S.R.K. & S.T.P.P. Government Arts Junior College Students Co-operative Stores

Rural Artisan and Weaker Section Co-operative Societies

1. Darialatippa Agricultural Field Labourers Co-operative Society
2. Kankalpeta Agricultural Field Labourers Co-operative Society
3. Farampeta Agricultural Field Labourers Co-operative Society
4. Mettakuru Adi-Andra Agricultural Field Labourers Co-operative Society
5. Beem Nagar Agricultural Field Labourers Co-operative Society
6. Ambedkar Nagar Agricultural Landless Agricultural Field Labourers Co-operative Society
7. Yanam Women Coir Workers Industrial Co-operative Society
8. Yanam Women Co-operative Printing Press
9. Sri Hari Boatmen Workers Co-operative Society
10. Yanam Washermen Workers Industrial Co-operative Society
11. Yanam Vishwabrahmin (Goldsmith) Workers Industrial Co-operative Society
12. Yanam Auto rickshaw Drivers Co-operative Society
13. Yanam Rickshaw Pullers Co-operative Society
14. Karpuri Takoor Nayee Bhahmins Co-operative Society.

