

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4915
ANSWERED ON:24.08.2001
EXPORT COMMITTEE ON RURAL CREDIT
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (b) the terms of reference of this Expert Committee;
- (c) whether any report has been submitted by this Committee;
- (d) if so, the main recommendations of the Committee, and
- (a) whether NABARD had constituted an Expert Committee on Rural Credit;
- (e) the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) Yes, Sir. National Bank for Agriculture and Rural Development (NABARD) has reported that it had constituted an Expert Committee on Rural Credit. The terms of reference of the Committee are given below:

- (i) Structure of the rural credit system and the roles of its major components;
- (ii) Role of the tiers in co-operative credit system in the context of the need to reduce the cost of credit delivery;
- (iii) Development policies and support system for effective rural credit;
- (iv) Strategy to meet gaps in supply of rural credit in relation to development needs of regions, sectors and client groups;
- (v) Procedural simplifications for borrower friendly effective rural credit;
- (vi) administration of financial sector reforms like deregulation of interest rates, application of prudential norms and application of flexible credit instruments;
- (vii) Legal framework for recovery and its adequacy;
- (viii) Any other matter incidental thereto.

(c) to (e) The Committee has submitted its report to NABARD on 23rd July, 2001. The main recommendations of the Committee relate to credit policy and strengthening of the financial system, changes in rural economy, financing of assetless poor, financing of small farmers and tenants, financing dry land agriculture, crop production, rural non-farm activities, strengthening the credit delivery system, strengthening Primary Agricultural Cooperative Societies, integration of long and short-term structures, relaxation of norms of refinance for co-operatives, continued involvement in rural lending, reduction of interest rates on Rural Infrastructure Development Fund (FfDF) deposits, dealing with low credit-depositations, re-capitalisation and reforms in regional rural banks, improving lending, support from State Governments, improving recoveries and disbursals, etc. The recommendations of the Committee are being examined by NABARD.