

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:502

ANSWERED ON:03.12.2004

COOPERATIVE CREDIT STRUCTURE

Boianapalli Shri Vinod Kumar;Thummar Shri Virjibhai

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government proposes to strengthen the cooperative banking system;

(b) if so, the details thereof; (

(c) whether the Government appreciates that revitalisation of the cooperative credit structure and making finance available to the farmers at reasonable rate of interest i. critical for the development of the farm sector;

(d) if so, the steps taken by the Union Government on the representation received ii regard to cooperative credit structure by the Government of Gujarat; and

(e) the time by which final decision is likely to be taken?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): Yes, Sir.

(b), (c), (d) and (e): With a view to strengthening the cooperative banking system, the Govt. of India has appointed a Task Force on 5.8.2004 under the chairmanship of Prof A.Vaidyanathan to recommend an implementable action plan for reviving the rural cooperative banking institutions taking in to consideration inter-alia, the mail recommendations made by various Committees in this regard. Various representation received from State Governments including the Govt. of Gujarat for revitalization assistance will be decided on receipt of the report of the Task Force.

In the meantime, NABARD has been urging the Co-operative Banks to review the present structure of interest rates keeping in view of the margins required at each level for viable operations. Besides, in tune with the declining interest regime, NABARD has been reducing its rate of interest on refinancing from time to time.