

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2414
ANSWERED ON:18.03.2005
CREATION OF FUNDS FOR NABARD
Rao Shri Sambasiva Rayapati; Saradgi Shri Iqbal Ahmed

Will the Minister of FINANCE be pleased to state:

- (a) whether the National Bank for Agriculture and Rural Development (NABARD) has urged the Centre to create an exclusive fund at NABARD operations involving rural and agriculture sector;
- (b) if so, whether the NABARD has also made out a strong case for enhancing the bank's regulatory and supervisory powers over cooperatives and regional rural banks;
- (c) if so, the other suggestions made by the NABARD;
- (d) the extent to which the Government has considered them; and
- (e) the time by which final decision in this regard is likely to be taken?

Answer

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

- (a) NABARD has fund for agriculture and rural development in the form of National Rural Credit (Long Term Operations Fund) [NRC (LTO)] and National Rural Credit (stabilization) Fund. NABARD has suggested to the Govt. for the formation of short term fund akin to the NRC (LTO) to meet the increasing need for short term loans.
- (b) Yes, Sir. However, the Task Force on cooperatives has recommended that the regulatory powers over cooperative banks completely vest with RBI.
- (c) to (e) The other suggestions made by NABARD include permission to float tax free bonds, support in the form of contribution to the tribal development fund and provide interest subvention during 2005-06 for providing credit to cooperatives. These are functional issues and the decisions are required to be taken as and when required, and hence no time limit has been fixed in this regard.