

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4574

ANSWERED ON:20.08.2010

REVITALISATION OF COOPERATIVE CREDIT STRUCTURE

Adsul Shri Anandrao Vithoba

Will the Minister of FINANCE be pleased to state:

- (a) whether the Vaidyanathan Task Force on Revitalisation of Long Term Cooperative Credit Structure (LTCCS) had recommended a financial package for all Land Development Banks in the country;
- (b) if so, whether the Cooperative Banks have not fulfilled the criteria fixed by the said Task Force for receiving the financial assistance;
- (c) whether the Government of Maharashtra has requested the Government to apply the recovery criteria up to 15 per cent instead of 50 per cent and to ignore the criteria of gross margin;
- (d) if so, the response of the Government thereto;
- (e) the steps taken or proposed to be taken by the Government in this regard; and
- (f) the time by which the final decision is likely to be taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (f): The Government of India (GoI) had constituted a Task Force (under the Chairmanship of Prof. A. Vaidyanathan) in January 2005 to suggest an implementable action plan for reviving the Long-Term Cooperative Credit Structure (LTCCS) in the country. The Task Force in its report suggested a financial package for LTCCS in the country subject to legal and institutional reforms. The Task Force inter-alia also recommended that only Primary Cooperative Agriculture and Rural Development Bank (PCARDB) (or branch of the unitary structure) whose gross interest margin is equal to or greater than 50% of its operating expenses and whose recovery is equal to or more than 50% of the demand may be considered eligible to receive financial assistance under the package directly. Many LTCCS entities in the country would not be in a position to fulfill the eligibility criteria suggested by the Task Force.

GoI had requested for the comments of the State Governments on the recommendations of the Task Force for LTCCS. The Government of Maharashtra, alongwith other State Governments, had commented/suggested on the recommendations of the Task Force.

The Government had approved the Revival Package for Long Term Cooperative Credit Structure (LTCCS) with a total outlay of Rs 3,070 crore. However, a Task Force was constituted to examine the impact of the Agriculture Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 and the implementation of Short Term Cooperative Credit Structure (STCCS) Package in the 25 implementing States on the LTCCS. The Task Force has submitted its report.