

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:352
ANSWERED ON:26.08.2011
VAIDYANATHAN COMMITTEE REPORT
Mishra Shri Govind Prasad;Thakur Shri Anurag Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Vaidyanathan Committee on Revival of Short and Long Term Credit Cooperative Structures (STCCS and LTCCS) has submitted its reports;
- (b) if so, the details of the main recommendations alongwith the implementation status of such recommendations;
- (c) whether the Government has received requests from various State Governments including Maharashtra and Himachal Pradesh for revival of LTCCS in the recent past;
- (d) if so, the details thereof alongwith the status of such requests; and
- (e) the other steps taken/being taken by the Government in this direction?

Answer

THE MINISTER OF FINANCE(SHRI PRANAB MUKHERJEE)

(a) to (e): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. +352 to be answered on 26th August, 2011 regarding 'Vaidyanathan Committee Report' tabled by Shri Govind Prasad Mishra and Shri Anurag Singh Thakur, MP.

(a) to (e): To strengthen the Rural Cooperative Credit Institutions, the Government of India had constituted a Task Force in 2004 under the Chairmanship of Prof. A. Vaidyanathan. The Task Force on Short Term Co-operative Credit Structure (STCCS) broadly recommended for (i) a financial package for STCCS covering accumulated losses and assistance to bring all Cooperatives, including PACS (Primary Agriculture Cooperative Societies) to minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 7%, (ii) Technical assistance to cover the cost of training and capacity building to improve the financial management skills, (iii) computerization and (iv) legal and Institutional reforms.

The Government of India had formulated a Revival Package for STCCS based on the recommendations of Prof. Vaidyanathan Task Force. 25 States have signed the Memorandum of Understanding (MoU) with Government of India and National Bank for Agriculture and Rural Development (NABARD) for implementation of this Revival Package. Under this Package, an amount of Rs.9,846.70 crore (Rs.8,992.36 crore as Government of India's share and Rs.854.34 crore as State Government's share) has been released to recapitalize 54,549 STCCS entities in sixteen States to wipe out their accumulated losses as on 31.03.2004 and to provide them funds to have a minimum CRAR of 7%. Training and capacity building Programmes for STCCS functionaries have been undertaken. 21 States have amended their respective State Cooperative Societies Acts.

The recommendations of Prof. Vaidyanathan Task Force on the Long Term Cooperative Credit Structure (LTCCS) inter-alia recommended allowing the Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) to access the deposits of and provide loans to its members, to borrow from any regulated Financial Institution including federal units of STCCS, to retire the State equity, to stipulate a minimum CRAR of 7% to be increased to 12% in five years.

Consultations were held with the State Governments on the report of the Task Force on LTCCS. A reference has been received from the Chief Minister, Maharashtra on the revival package for LTCCS. The Revival Package on LTCCS is under consideration of the Government.