

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2955
ANSWERED ON:29.08.2012
QUESTION RURAL COOPERATIVE CREDIT STRUCTURE
Tirkey Shri Manohar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has set up a Committee to suggest ways to strengthen the rural co-operative credit structure;
- (b) if so, the details thereof;
- (c) the criteria for granting license to co-operative banks established by Scheduled Tribes in the rural sector; and
- (d) the details of the incentive and priority granted to Scheduled Tribes for formation of rural or urban co-operative banks?

Answer

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

(a) & (b): The Reserve Bank of India (RBI) has constituted a Committee to review the existing Short Term Cooperative Credit Structure (STCCS) focusing on structural constraints in rural credit delivery system and explore various ways to strengthen the rural cooperative credit architecture with appropriate institutions and instruments of credit to fulfill credit needs. The Committee will make an in-depth analysis of the STCCS and examine various alternatives with a view to reducing the cost of credit, including feasibility of setting up of a two-tier STCCS as against the existing three-tier structure.

(c) & (d): As per criteria prescribed by RBI for issue of licence to State and Central Co-operative banks, the banks have to comply with the requirement of minimum capital of Rs 1 lakh under section 11(1) of the Banking Regulation Act, 1949. Banks have to obtain the Capital to Risk-Weighted Assets Ratio (CRAR) of at least @ 4% and also comply with Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements.