

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4491
ANSWERED ON:21.02.2014
COOPERATIVE LAND DEVELOPMENT BANKS
Bairwa Shri Khiladi Lal;Rajaram Shri Wakchaure Bhausahab

Will the Minister of FINANCE be pleased to state:

- (a) whether the land development banks in the country are on the verge of closure due to their poor financial conditions and if so, the details thereof, State/UT-wise;
- (b) whether the Government proposes to provide subsidy to the Primary Cooperative Land Development Banks (PCLDB) for long term loans and if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has received proposals from the States for their revival;
- (d) if so, the details thereof, State/UTwise including Maharashtra along with the action taken on such proposals so far; and
- (e) the other steps taken/being taken by the Government for revival and strengthening of the said banks?

Answer

The Minister of State in the Ministry of Finance (Shri Namu Narain Meena)

(a) to (e) : The National Bank for Agriculture & Rural Development (NABARD) have informed that there are 20 State Cooperative Agriculture & Rural Development Banks (SCARDBs) in the country, out of which 8 SCARDBs, viz. Chhattisgarh, Manipur, Odisha, Madhya Pradesh, Tamil Nadu, Assam, Bihar and Maharashtra are financially weak.

Out of these financially weak SCARDBs, only Maharashtra SCARDB is under liquidation. Main reasons for poor financial condition of the above banks are, inter alia, low resource base, higher transaction cost, small business level, limited area of operation, high NPA due to low recovery, higher management cost, higher provision towards impaired assets, etc.

The Government had constituted a Task Force in January, 2005 to suggest an implementable action plan for reviving the Long-Term Cooperative Credit Structure(LTCCS) in the country which submitted its report in August, 2006. Subsequent to the implementation of Agriculture Debt Waiver and Debt Relief Scheme, 2008, the LTCCS package was revised by the Government. However, the Government decided to have a re-look at the viability and relevance of a separate package for LTCCS and constituted a Task Force in September, 2009 which submitted its report to the Government. However, it was decided not to implement the LTCCS package, inter alia, due to uncertain stakeholder ownership and lack of adequate budgetary provisions for the purpose etc.