

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2586
ANSWERED ON:04.12.2009
COMPENSATION OF COOPERATIVES
Bhujbal Shri Sameer

Will the Minister of FINANCE be pleased to state:

- (a) whether the financial burden on cooperative banks and primary cooperative societies has increased due to loan waiving and loan relief schemes launched by the Union Government;
- (b) if so, whether some States have demanded compensation from the Union Government for relieving financial burden of these cooperative societies;
- (c) if so, the details of those States;
- (d) whether the Government proposes to provide financial assistance to cooperative banks and cooperative societies of those States; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) to (e): National Bank for Agriculture and Rural Development (NABARD) has reported that the financial position/networth of Cooperative banks/Primary Agriculture Credit Society (PACS) has considerably improved after implementation of Agriculture Debt Waiver & Debt Relief Scheme (ADWDRS), 2008 by Cooperative banks, as recovery in respect of the large number of agricultural loans which had become Non-Performing Assets (NPA)/Loss assets had since been effected by such Cooperative banks/PACS owing to Debt Waiver/Debt Relief assistance received by them from Government of India (Gol). The debt waiver claims to the extent of 95% have already been released. Gol had also agreed to pay interest to banks with effect from November 2008 in case of late release of Debt Waiver/Debt Relief claim by Gol.

In order to enable Cooperative Banks and Regional Rural Banks (RRBs) to tide over the temporary liquidity problem due to implementation of the ADWDR Scheme, NABARD provided liquidity support of Rs.1551.15 crore and Rs.302.43 crore to State Cooperative Banks (SCBs) and RRBs respectively at 9% p.a. during Kharif 2008. Similar liquidity support scheme was also made available for Rabi 2008-09 to SCBs and RRBs at 4.5% and 5.5% respectively with subvention from Gol. During Rabi 2008-09 as against sanction of Rs.2992.65 crore, utilization by bank was of Rs.2415.23 crore.

Further, out of Rs 28,000 crore received from Gol (for Co-operative Banks and RRBs) under ADWDR 2008, NABARD has released Rs 17, 838.74 crore amounting to 95% of the audited debt waiver claim submitted by the Co-operative Banks.