

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3740

ANSWERED ON:11.12.2009

EXTERNAL LOAN FOR RESTRUCTURING OF COOPERATIVE BANKS

Agarwal Shri Jai Prakash

Will the Minister of FINANCE be pleased to state:

(a) whether the proposals for seeking loan from the World Bank and the Asian Development Bank for restructuring of Cooperative Banks in order to augment the credit flow for agricultural sector, are still pending for approval by the Government;

(b) if so, the details thereof and status thereof;

(c) the ratio in which the Centre and the States are likely to bear the expenses in the restructuring exercise; and

(d) the time by which the said process is likely to be completed?

Answer

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

(a) & (b): No, Sir. The World Bank and the Asian Development Bank have sanctioned loan assistance to Government of India for strengthening the Short Term Cooperative Credit Structure (STCCS) under the Revival Package formulated by Government of India. The details in respect of the loan assistance provided by the World Bank and the Asian Development Bank are as under:

S.No.	Particulars	World Bank	Asian Development Bank
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1	Agreement signed with GoI	02-11-2007	30-05-2007
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2	Loan Sanctioned	US \$ 600 million	US \$ 1000 million
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3	Amount so far released	US \$ 232 million	US \$ 500 million
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4	States Covered	Gujarat, Haryana, Andhra Pradesh, Bihar, Orissa, Uttar Pradesh and Uttrakhand	Maharashtra, Madhya Pradesh and Rajasthan
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(c): In respect of Primary Agricultural Credit Societies (PACS) the Government of India is bearing 100% of the losses arising out of their direct credit business and 50% of the losses arising out of their non-credit business (losses due to PDS and input distribution undertaken in pursuance of National Policy). The State Governments are bearing 50% of the losses arising out of non-credit business and their committed liabilities, if any. The societies are bearing losses arising on account of frauds, misappropriation etc.

In respect of Central Cooperative Banks (CCBs) and the State Cooperative Banks (SCBs), the Government of India is bearing 100% losses arising out of their agricultural credit business, a proportion of the losses arising out of non agricultural credit business. The State Government is bearing a portion of the losses arising on account of non agricultural credit business of CCBs & SCBs and all dues pertaining to invoked and un-invoked guarantees issued by the State Government and other receivables. The losses on account of direct advances and losses due to frauds and misappropriations are required to be borne by the banks themselves.

(d): As per the Revival Package the recapitalization and revival process is to be completed within 3 years from the date of signing of the MoU by the respective State Government with Government of India and NABARD. The implementation period of 3 years may, however, be extended by the National Implementation and Monitoring Committee(NIMC) on a case by case basis so as to take the implementation process to its logical end.