

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:345
ANSWERED ON:01.08.2014
FINANCIAL ASSISTANCE TO COOPERATIVE BANKS
Karunakaran Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) the details of financial assistance provided by the National Bank for Agriculture and Rural Development (NABARD) to cooperative banks and societies during each of the last three years and the current year, State/UT-wise;
- (b) whether NABARD has received any proposals/representations from the States including Kerala for financial assistance/operational support to the co-operative banks and societies operating in the rural areas;
- (c) if so, the details thereof and the action taken by the Government/NABARD thereon;
- (d) whether the NABARD provides funds under the National Rural Credit (Long Term Operations) and the National Rural Credit (Stabilisation) Fund for undertaking agricultural activities and if so, the details thereof; and
- (e) whether the Government proposes to make any changes in the management of these funds and if so, the details thereof ?

Answer

The Minister of Finance (Shri Arun Jaitley)

(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. 345 to be answered on 1st August, 2014 regarding Financial Assistance to Cooperative Banks tabled by Shri P. Karunakaran, MP

(a) :- National Bank for Agriculture & Rural Development (NABARD) provides refinance to cooperative credit institutions against their short-term and long-term lending to farmers. The State-wise details of financial assistance provided by NABARD to these cooperative credit institutions during the last three years and current year (upto 30th June, 2014) are given in Annexure (i) to (v).

(b) & (c) :- NABARD has informed that it received references from State Governments of Madhya Pradesh and Rajasthan for increasing the refinance limit for short-term crop loan for the District Central Cooperative Banks(DCCBs) from 50% to 75% of their lending seeking additional refinance allocation to these States. A reference was also received from Andhra Pradesh State Cooperative Bank (APStCB) for enhancement of quantum of refinance from 50% to 80% of their lending for crop loans. These references for higher refinance allocation were examined and NABARD has not been able to accede to such requests in the light of the extant refinance policy for short term crop loans and refinance budget for short term crop loans available for 2014-15. A proposal was also received from the State Cooperative Agriculture & Rural Development Bank (SCARDB), Kerala for interim finance during 2014-15 and the bank was sanctioned interim finance of Rs.56.41 crore.

(d) :- NABARD provides refinance to approved financial institutions out of the National Rural Credit (Long Term Operation) Fund [NRC(LTO) Fund] and the National Rural Credit (Stabilization) Fund [NRC(Stabilization) Fund] for undertaking agriculture activities. The amount in the NRC(LTO) Fund is utilised by NABARD only to provide financial assistance by way of loans and advances to Commercial Banks, Regional Rural Banks and Cooperative Banks by way of refinance of their long term loans issued for agriculture, allied activities and rural non-farm sector. The amount in the NRC (Stabilization) Fund is utilised by the NABARD only to provide medium term loans to approved financial institutions by converting short term crop loans into medium term loans to enable farmers to obtain fresh loans in case of natural calamities such as draught, floods, etc. However, in addition to the above two funds, a new fund namely "Long Term Rural Credit Fund" in NABARD, with an initial corpus of Rs. 5,000 crore, has been recently announced in the Union Budget, 2014-15 for providing refinance support to Cooperative Banks and Regional Rural Banks, so as to boost capital formation in agriculture and rural economy. This fund will be met out of the shortfall in Priority Sector/ Agriculture Sector/ Weaker Section lending by Scheduled Commercial Banks.

(e) :- There is no such proposal under Government's consideration.