

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:388
ANSWERED ON:11.07.2014
LAND DEVELOPMENT BANKS
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

- (a) whether Land Development Banks of Maharashtra are at the verge of being shut down;
- (b) if so, whether the Government of Maharashtra has sent any proposal to the Union Government to provide financial assistance for revival of these Land Development Banks;
- (c) if so, the details thereof;
- (d) whether the Union Government has taken/being taken any step to provide economic assistance for the revival of Land Development Banks across the country; and
- (e) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmla Sitharaman)

(a) to (e) : NABARD has reported that the State Cooperative Agriculture & Rural Development Bank (SCARDB) in Maharashtra is placed under liquidation vide Final Liquidation Order dated 14th February, 2013. NABARD has further reported that, as per information available, only two Primary Cooperative Agriculture & Rural Development Banks (PCARDBs) viz., Nasik and Kolhapur are functioning. Six PCARDBs, viz., Amravati, Akola, Yavatmal, Buldhana, Satara and Nanded are under orders of Final Liquidation. The remaining 21 PCARDBs are under interim orders of Liquidation.

A reference was received in January, 2011 from Government of Maharashtra in respect of the proposed Revival Package for the Long-Term Cooperative Credit Structure (LTCCS) requesting, inter alia, for postponement of the 50% recovery criteria upto June, 2012 instead of 2011 ; relaxation of the cut-off date for Agricultural & Rural Development Banks (ARDBs) under liquidation, which was proposed to be fixed as 31st March, 2008, up to another three months ; dropping the criteria of minimum yearly transaction, etc.

The Government of India 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. The recommendations of the Task Force were discussed in three specially convened meetings between 2007 to 2008. The suggestions of various State Governments were also discussed in the above meetings. However, subsequent to the implementation of Agriculture Debt Waiver and Debt Relief Scheme, 2008, the Government decided to have a re-look at the viability and relevance of a separate package for LTCCS and constituted another Task Force, in September, 2009, which submitted its report to the Government in February, 2010.

However, it was later decided in April, 2013 not to implement the LTCCS package, inter alia, due to uncertain stakeholder ownership and lack of adequate budgetary provisions for the purpose, etc.