

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2195

ANSWERED ON:05.12.2014

SHORT TERM COOPERATIVE CREDIT STRUCTURE

Adsul Shri Anandrao ;Bhagat Shri Bodh Singh;Misra Shri Ajay (Teni);Patil Shri Shivaji Adhalrao;Yadav Shri Dharmendra

Will the Minister of FINANCE be pleased to state:

(a) whether the various States have requested the Government to provide full interest subvention to Short Term Cooperative Credit Structure (STCCS) to enable the Cooperative Banks to provide crop loan to the farmers at the rate of 7%;

(b) if so, the details thereof, State-wise including Madhya Pradesh;

(c) the names of the States who have made the request for full subvention to STCCS along with the action taken by the Government thereon, till date; and

(d) the time by which the final decision is likely to be taken by the Government in this regard?

Answer

The Finance Minister (Shri Arun Jaitley)

(a) to (d): Recently, the State Governments of Punjab, Madhya Pradesh, Rajasthan & Uttar Pradesh, inter alia, had requested the Central Government to extend special relaxation to Short Term Cooperative Credit Structure (STCCS) in terms of interest-free loans to farmers under Interest Subvention Scheme, higher interest subvention to cooperative institutions, lower interest rate on short term refinance from National Bank for Agriculture & Rural Development (NABARD), increased quantum of NABARD's short term refinance, etc.

As regards the State Government of Madhya Pradesh, it had made request for increasing the quantum of NABARD's short term refinance to STCCS from 50% to 75% of the ground level disbursement for farmers in general category and for farmers of SC/ST category to 90 percent of the ground level disbursement.

These requests were examined and accordingly, these States were clarified that for providing crop loans at 7% to farmers, the Cooperative Banks are given a subvention of 2% by the Government in respect of their own involved funds. Further, the cooperative banks get short term refinance from NABARD at the rate of 4.5% to the extent of 50% of ground level credit flow. Thus, NABARD's refinance allows cooperative banks to earn 0.5% more as compared to the cases when their own funds are involved. It was also informed that due to budgetary constraints, the requests for interest-free loans or further increase in interest subvention to STCCS for extending short term crop loans cannot be acceded to. It was also informed that as regards NABARD's present refinance policy, due to resource constraint and borrowing limit it is not able to increase the quantum of refinance to Cooperative Banks.