

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4599
ANSWERED ON:19.12.2014
NEW MONETARY AND CREDIT POLICY
Patil Shri Sanjay(Kaka) Ramchandra

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of Maharashtra has requested Reserve Bank of India (RBI) for a fresh look at the new Monetary and Credit Policy which is affecting the Cooperative Banking sector in the context of cash crunch faced by the Cooperative Banks, arising from the requirement of investing a large portion of Statutory Liquidity Ratio (SLR) funds in Government's securities, if so, the details thereof;
- (b) whether requests have also been received from Cooperative Banking Sector in other States, if so, the details thereof;
- (c) whether the Government is working on the direct financing to farmers and reduce the interest rates on their loans; and
- (d) if so, the details thereof along with the RBI's response thereto, State-wise?

Answer

The Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a) & (b): Reserve Bank of India (RBI) has informed that it has not received such request from Government of Maharashtra. However, it has received representations from several State Cooperative Banks, viz. Gujarat, Maharashtra, Karnataka, Tamil Nadu, Chhattisgarh, Uttarpradesh, Madhya Pradesh and a few District Central Cooperative Banks, such as Satara and Sindhudurg in Maharashtra and Raiganj in Rajasthan.

RBI issued a circular dated 5th June, 2014 advising non-scheduled State/District Central Cooperative Banks, inter alia, to maintain their Statutory Liquidity Ratio (SLR) assets in the form of unencumbered investment in approved securities. These banks were given time till 31st March, 2015 to comply with the instructions. However, RBI reviewed these instructions in the light of representations received from Cooperative Banking Sector and revised instructions were issued by RBI on 21 July, 2014 granting extended time till 31st March, 2017 to comply with the revised procedure of maintainance of SLR assets in a phased manner.

(c) : No, Madam. However, under the Interest Subvention Scheme of the Government, the Short-Term Crop Loans upto Rs. 3 lakhs are available to farmers at an interest rate of 7%. This Scheme also provides additional subvention of 3% to prompt-payee farmers, reducing the interest burden on short term crop loans for these farmers to 4%.

(d): Does not arise.