

years adopting regionally differentiated growth strategies, creation of farming infrastructure and more efficient use of resources.

[*English*]

Restructure of NCDC

*102. SHRI VILAS MUTTEMWAR: Will the PRIME MINISTER be pleased to state:

(a) whether an expert group has recommended financial and administrative restructuring of National Cooperative Development Corporation (NCDC) to widen its activities and strengthen its financial base;

(b) if so, the details of the recommendations made by the expert group; and

(c) the action taken/proposed to be taken by the Government on the recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF WATER RESOURCES (SHRI SOMPAL):

(a) Yes, Sir.

(b) The Expert Group has made the following recommendations:—

- (i) Re-loaning of the principal repayable by NCDC to the Central Government and the process may continue for atleast 3 years.
- (ii) Assistance from the Central Government in a few account heads in place of existing numerous heads and sub-heads.
- (iii) Exemption from payment of income-tax to be restored as given earlier from 1984-85 to 1988-89.
- (iv) Annual interest instalment payable by the Corporation to the Central Government to be re-deployed as grant in NCD Fund for next 5 years until total grant of Rs. 500 crores is provided.
- (v) Interest rate on Central Government loans may be reduced from 12% to 8.5%.
- (vi) NCDC may be allowed to borrow funds from the banks as per their requirement upto a limit of Rs. 100 crores per annum.

(vii) NCDC may explore the possibility of mobilising funds from the World Bank/ECB and raising deposits from the cooperative sector.

(viii) The proposed National Cooperative Bank should have proper linkages with the NCDC for raising sufficient resources at competitive rates from the cooperative sector.

(c) The Government has taken the following action on the above recommendations:—

(i) The proposal for providing Central Government assistance in few account heads was sent to Planning Commission and Ministry of Finance for consideration. The Planning Commission did not agree with the proposal to avoid imbalances in various segments of the cooperatives sector.

(ii) Exemption of payment of income tax has been taken up with the Ministry of Finance.

(iii) NCDC has been permitted to borrow funds from commercial/cooperative banks as per their requirements upto the limit of Rs. 147.5 crores per annum but the facility of SLR bonds has been withdrawn by the RBI.

(iv) World Bank has been requested to consider the proposal for providing assistance to the NCDC.

(v) The Government has constituted a Steering Group under the Chairmanship of Additional Secretary, Department of Agriculture & Cooperation to monitor the implementation of the recommendations of the Expert Group.

Advisory Council on Trade and Industry

*103. SHRI K. PARYMOHAN: Will the PRIME MINISTER be pleased to state:

(a) whether the allocation for agriculture at present is 5.1 per cent, which is inadequate to meet the growing requirements of funds in this sector;

(b) whether the Advisory Council on Trade and Industry has suggested that the allocation be raised to 7.1 per cent; and

(c) if so, the reaction of the Government thereto?