

LOK SABHA
UNSTARRED QUESTION NO. 3469

ANSWERED ON-15.07.2019 (Monday)/Ashadha, 24, 1941 (Saka)

REVIVAL OF COOPERATIVE SOCIETIES

3469. SHRI JANARDAN SINGH SIGRIWAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has proposal to announce any package for revival of co-operative societies in rural areas;
- (b) if so, the details thereof;
- (c) whether the State Governments have submitted proposals for strengthening the said societies through special package; and
- (d) if so, the details and the present status thereof, State-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG THAKUR)

(a) to (d): Cooperative Societies is a State Subject under Entry 32 of the State List of Seventh Schedule of the Constitution of India. National Bank for Agriculture and Rural Development (NABARD) has informed that the functioning of Cooperative Banks is guided by the Cooperative Societies Act of the respective States. At the State level, the Registrar of Cooperative Societies (RCS) of respective States exercises control over the Cooperative Banks. However, the banking functions of the Cooperative Banks are regulated by Reserve Bank of India under the Banking Regulation Act, 1949 (as applicable to Cooperatives).

The Government has taken the following measures to revive the *Short Term Cooperative Credit Structure (STCCS)*.

a. Based on the recommendation of Vaidyanathan Committee, Government implemented a revival package for STCCS encompassing legal and institutional reforms, measures to improve the quality of management and financial assistance as necessary for their democratic, self-reliant and efficient functioning. Under the revival package, Government of India released `9,245 crore.

b. Recognizing the need to revamp ailing Cooperative Banks so that they are able to cater to the needs of farmers at their doorstep, the Union Government in 2014 announced implementation of the Scheme for revival of 23 Unlicensed DCCBs in the four States i.e Uttar Pradesh, Maharashtra, West Bengal and Jammu & Kashmir. The entire share of Union Government of `673.29 crore under the Scheme was released to NABARD for onward transmission to Cooperative Banks as per the scheme provisions.

The scheme guidelines prescribed achievement of certain deliverables by DCCBs which, inter alia, included attainment of the minimum level of CRAR, reduction of NPA level, enhancement deposits, building up strong Management Information System (MIS) and implementation of Core Banking Solution (CBS) etc.

To enable Cooperative Banks to meet the crop loan and term loan requirements of farmers, Government has set up two Funds in NABARD, to be met out of the shortfall in priority sector lending targets by commercial banks, as under:

i. *Short Term Cooperative Rural Credit (Refinance) Fund*: Through this Fund NABARD provides concessional short term refinance to Cooperative Banks for their crop loan lending. Such refinance is given to banks at an interest rate of 4.5% per annum, provided the banks lend to the ultimate borrower at an interest rate of 7% per annum upto an amount of `3 lakh per borrower. An amount of `45,000 crore has been allocated for the said Fund during 2018-19.

ii. *Long Term Rural Credit Fund (LTRCF)*: This fund has been set up for the purpose of providing long term refinance support to Cooperative Banks and Regional Rural Banks at a concessional rate of interest for their lending towards investment activities in agriculture. Government has allocated additional resources of `15,000 crore to this Fund during 2018-19.