

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:441  
ANSWERED ON:25.08.2000  
COOPERATIVE CREDIT SYSTEM  
AJAY CHAKRABORTY;SUBODH MOHITE

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the task force set up by the RBI to study the cooperative credit system has submitted its report to the Government;
- (b) if so, the details thereof;
- (c) the recommendations made by the task force;
- (d) the reaction of the Government thereto; and
- (e) the time by which the action is likely to be taken thereon?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

- (a) to (e) A statement is laid on the Table of the House.

Statement

- (a) Yes, Sir. The report of the task force has been submitted to the Government on 24.07.2000,
- (b) and (c) The task force which was constituted by the Government in April 1999 studied the functioning of the co-operative credit structure in the country as well as the supervisory and regulatory mechanism and held wide ranging discussions with all concerned, recommended various measures for revitalizing the co-operative banks in the country. Some of the major recommendations of the task force are as under;
  - (i) Removal of duality of control over the cooperative banks of Reserve Bank of India(RBI)/ National Bank for Agriculture and Rural Development (NABARD) on the one hand and the State Governments on the other to bring all banking functions completely under the Banking Regulation Act.
  - (ii) Amendment of the State Co-operative Acts for adoption of the essential features of the Model Co-operative Societies Act to reflect the spirit of the democratization and self-reliance enshrined in the Model Act
  - (iii) Constant review of all guidelines issued by Government of India/RBI/NABARD/State Governments with a view to removing needless control over co-operative banks.
  - (iv) Effective supervision of and support to lower tiers of co-operative credit system by the higher tiers and introduction of audit of cooperatives by chartered accountants first at the State and District level and thereafter gradually at Primary Agriculture Credit Societies (PACS) level.
  - (v) Rehabilitation of potentially viable units by way of one time assistance, with the financial burden of rehabilitation being shared amongst members, State Governments and Central Government in the ratio of 20:40:40. The members' contribution to be in the form of additional share capital while assistance from Central and State Governments will be by way of soft loans.
  - (vi) The societies should be run professionally on sound business principles and decisions about interest rate investments etc to be taken internally so as to meet the costs and leave some surplus.
  - (vii) Setting up a Mutual Assistance Fund at State level by contribution from co-operative institutions in the State concerned.
- (d) and (e) The report is under examination of the Government.