

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1108

ANSWERED ON:23.11.2001

COOPERATIVE BANKS

DUMPA MARY VIJAYAKUMARI;JAYABEN B. THAKKAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the cooperative banks are likely to get Rs. 8,000 crore fund infusion from the Central and State Governments to tide over financial crisis;
- (b) if so, the details thereof;
- (c) the State-wise, names of the banks which are envisaged for the benefit under the scheme; and
- (d) the terms and conditions on which such package is likely to be given to these banks?

Answer

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

(a) to (d) Government had appointed a Task Force to study the co-operative credit system and suggest measures for its strengthening under the Chairmanship of Shri Jagdish Capoor, the then Deputy Governor of Reserve Bank of India (RBI). The Task Force has, in its report, suggested broad guidelines for framing a package for strengthening of cooperative credit system. The report is under examination of the Government in consultation with State Governments and other financial institutions. Government had organized a Conference of Chief Ministers on 25th August, 2001 in which a decision was taken to re-examine the issues relating to the assistance to be provided to the cooperative credit system as also the funding mechanism therefore. Accordingly, a Committee of Cooperative Ministers of select State Governments under the Chairmanship of Union Minister of State for Finance has been set up. The Committee is expected to examine the feasibility of de-layering of cooperative credit structure apart from the issue of sharing pattern of assistance for revitalization of cooperatives and its funding mechanism, with a view to reduce intermediation cost in cooperatives. The Committee is deliberating on various issues and is expected to give recommendations shortly.