

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:360  
ANSWERED ON:17.03.2006  
FRAMEWORK FOR CO-OPERATIVE BANKS  
Barad Shri Jashubhai Dhanabhai

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

(a) whether the Government proposes to formulate a separate framework for co-operative banks with a view to freeing them from the control of multiple agencies; and

(b) if so, the details thereof ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

(a) & (b) : A Statement is laid on the Table of the House

Statement referred to Parts (a) & (b) of Lok Sabha Starred Question No.360, to be answered on 17th March, 2006, regarding Framework for co-operative banks, tabled by Shri Jasubhai Dhanabhai Barad.

(a)&(b): The package for Revival of Short Term Rural Cooperative Credit Structure, finalised after consultation with the State Governments, envisages amendment in the relevant Acts to empower RBI to lay down the regulations and guidelines for prudential banking operation of Rural Cooperative Banks. The Registrar of Cooperative Societies in the States (RCS) will implement and monitor these regulations and guidelines within a given timeframe. In all other matters of administration and management, the RCS shall be the authority responsible for laying down rules/guidelines. The State Governments desiring to implement the revival package need to agree, through a Memorandum of Understanding or Exchange of Letters with Government of India, to implement the recommended legal and institutional reforms and share the financial package.