

(d) the steps being taken by Government to expedite the process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (d) The Kisan Credit Card (KCC) Scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs, including purchase of inputs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all the Scheduled Commercial Banks throughout the Country.

National Bank for Agriculture and Rural Development (NABARD) has reported that as on 28 February 2010, the banking system has issued 906.37 lakh KCCs (since inception). Commercial Banks accounted for the highest share (43.91%), followed by Co-operative Banks (41.66%) and Regional Rural Banks (14.43)%.

KCC scheme was simplified in consultation with RBI in 2004 to cover all eligible farmers including small and marginal farmers, oral lessees, tenant farmers, etc. However, to make the scheme more effective at ground level and to better serve the farmers the Government of India has constituted a Task Force to, *inter alia*, examine and suggest measures for improving the efficiency of the KCC scheme, including the revised operational guidelines for distribution and sanction of the KCC limit.

Withdrawal of subsidies

4183. SHRI K.V.P. RAMACHANDRA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is mulling on the ways to reduce the subsidy bill on food and other related products;

(b) if so, the details of final decision taken thereof; and

(c) what steps are proposed to be taken to ensure that common people are not affected with the withdrawal of subsidies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (c) The Union Budget for 2010-11 and the Fiscal Policy Strategy Statement indicate the intent of the Government of bring the fiscal deficit under control with institutional reform measures encompassing all aspects of fiscal management including subsidies. The move towards nutrient based subsidy regime in fertilizer sector is one such step in this direction. With respect to rationalization of petroleum subsidy, the Fiscal Policy Strategy Statement indicated that the Report of

the Parikh Committee is under consideration of the Government. In so far as food subsidy is concerned, the Union Budget for 2010-11 has indicated that draft Food Security Bill will be placed in the public domain very soon. The reform measures being attempted seeks to target subsidies to the poor and truly needy sections including through statutory entitlements to help overcome the problem of under-consumption of essential food grains and does not envisage withdrawal of subsidies.

Committee report on credit rating agencies

4184. SHRI N.R. GOVINDARAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether a Government Committee set up after the global credit has recommended that credit agencies should be disallowed from carrying out consultancy and advisory services;

(b) if so, the details thereof;

(c) whether the Committee also proposed far reaching changes that will bring about a substantial modification in rating agencies operating in the country;

(d) if so, the details thereof;

(e) whether the Committee's proposals that credit rating agencies come under the ambit of the Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDA) are accepted as they are now accountable only to the Securities and Exchange Board of India (SEBI); and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) Yes, Sir. The Committee on Comprehensive Regulation for Credit Rating Agencies (CRAs) set up by the High Level Coordination Committee on Financial markets with representation from all the financial sector regulators, viz. Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA) and Pension Fund Regulatory and Development Authority (PFRDA) had *inter alia* recommended that credit agencies should be disallowed from carrying out consultancy and advisory services.

(b) The Committee in its report has *inter alia* recommended that a CRA or its subsidiary should not be allowed to carry out consultancy or advisory services, such as making proposals or recommendations, either formal or informal, regarding the design of a structured finance instrument and also rate the product.

(c) The committee has made many recommendations for strengthening of regulations based on India's own experience with CRAs till now.