

other subjects, the question of tax administration and its rationalisation and improvement. The Commission have submitted some Interim Reports which are under consideration of the Government.

**Primary Agricultural Credit Cooperative Societies**

267. SHRIMATI AMARJIT KAUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a working group was recently set up by the Reserve Bank of India under the Chairmanship of Shri C. V. Nair to submit report on the usefulness of the scheme of financing primary agricultural credit societies by commercial banks in the country;

(b) whether the working group has recommended to scrap the scheme of financing primary agricultural credit societies by commercial banks;

(c) whether the scheme has fulfilled the desired expectations; and

(d) if the answer to parts (a) and (b) above be in the affirmative and if the answer to part (c) be in the negative, what are the recommendations of the working group and what alternative sources of financing primary agricultural credit cooperative societies has been recommended by the working group?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (d) A Study Group for this purpose was set up by Reserve Bank of India in 1978 and it submitted its Report in April 1981. The study has revealed that while the over all picture of the societies ceded to the commercial banks is not particularly bright, such societies seem to have done better in some States. The Study Group has observed that the scheme has failed to achieve its major objective as it has not been able to make any perceptible impact on the functioning of such ceded societies. The Agricultural Credit Board of the Reserve

Bank of India has suggested that it would be practical to let the societies themselves decide whether they would like to continue their links with the commercial banks or they would like to opt for retransfer to the concerned district Central Cooperative Banks to which they were affiliated earlier.

The recommendations of the Study Group as well as the decisions of the Agricultural Credit Board are being communicated to all concerned.

**Shortcomings of the LIC.**

268. SHRIMATI AMARJIT KAUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that in the recent past the mounting administrative expenses, deteriorating service to policyholders and inefficiency of the staff has increased manifold with its other ills in the L.I.C. since nationalisation;

(b) whether it is a fact that L.I.C. during its 25 years of working has not been able to overcome the shortcomings of some of the erstwhile insurers which led to the nationalisation of the insurance business; and

(c) if so, whether Government propose to implement the recommendations of the Sezhiyan Committee Report on L.I.C. and what steps Government propose to take to remove the shortcomings of the L.I.C.?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (c) While the criticism that the performance and profitability of the LIC have deteriorated considerably is not justified, Government took note of the view expressed by the Era Sezhiyan Committee that the major objective of the nationalisation of life insurance had yet to be achieved. Accordingly, it has been decided to restructure the LIC to bring into being more compact and manageable units to speed up the growth of life insurance business. Necessary legislative proposals are being worked out.