

## The Banking Laws (Amendment) Bill, 2024 (Introduced)

वित्त मंत्रालय में राज्य मंत्री (श्री पंकज चौधरी) : अध्यक्ष महोदय, निर्मला सीतारमण जी की ओर से मैं प्रस्ताव करता हूँ कि भारतीय रिजर्व बैंक अधिनियम, 1934, बैंककारी विनियमन अधिनियम, 1949, भारतीय स्टेट बैंक अधिनियम, 1955, बैंककारी कम्पनी (उपक्रमों का अर्जन और अन्तरण) अधिनियम, 1970, बैंककारी कम्पनी (उपक्रमों का अर्जन और अन्तरण) अधिनियम, 1980 का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति दी जाए ।

माननीय अध्यक्ष : प्रस्ताव प्रस्तुत हुआ :

?कि भारतीय रिजर्व बैंक अधिनियम, 1934, बैंककारी विनियमन अधिनियम, 1949, भारतीय स्टेट बैंक अधिनियम, 1955, बैंककारी कम्पनी (उपक्रमों का अर्जन और अन्तरण) अधिनियम, 1970, बैंककारी कम्पनी (उपक्रमों का अर्जन और अन्तरण) अधिनियम, 1980 का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति प्रदान की जाए ।?

**SHRI MANISH TEWARI (CHANDIGARH):** Mr. Speaker Sir, in accordance with Rule 72 (2) of the Rules of Procedure and Conduct of Business in Lok Sabha, I rise to *pro forma* oppose the introduction of the Banking Laws (Amendment) Bill, 2024 as there is no provision in the Rules of Procedure and Conduct of Business in Lok Sabha to get a clarification with respect to the source of legislative power of the Union Government under the Seventh Schedule of the Constitution of India to introduce the proposed Bill even though it may be an amendment to the principal Act.

Mr. Speaker Sir, I am aware that the Banking Regulation Act was amended in 1965 to make it applicable to the cooperative societies. I am also aware that it was amended in 2020 to bring cooperative banks under the purview of the Reserve Bank of India. The Entry 45 pertains to banking. However, it is important to note that the Entry 43 of the Union List expressly excludes the cooperative societies from the legislative remit of the Central Government and by implication, the cooperative banks.

Entry 44 of the Union List does not specifically refer to cooperative societies. On the other hand, Entry 32 of the State List gives specific powers to State Governments to legislate on cooperative societies and by derivation on cooperative

banks. ....(Interruptions) Mr. Speaker, Sir, this is an important issue of legislative power, if you could indulge me for a second. ....(Interruptions)

Mr. Speaker, Sir, this matter had also come up when the Joint Parliamentary Committee had deliberated on the Multi-State Cooperative Bill. There are a catena of judgments by various courts in this country including the Supreme Court that the power to legislate with regard to cooperative societies and by implication cooperative banks vests with the State Governments. The Government's answer will be that the earlier two Banking Regulation (Amendment) Acts have not been challenged. But that does not mean that we can have an ambiguous source of legislative power.

My submission, through you, Mr. Speaker, Sir, to the Government is that where there is ambiguity with regard to legislative power, why they would amend the Seventh Schedule. List-I, List-II and List-III are updated so that there is absolute clarity with regard to where the Government is drawing legislative power in order to enact a particular legislation.

Thank you, Mr. Speaker, Sir.

माननीय अध्यक्ष : मल्टी स्टेट कोऑपरेटिव सोसायटी तो सेंटर के अंदर आएगी न?

? (व्यवधान)

श्री मनीश तिवारी : अध्यक्ष जी, जब इसके ऊपर जॉइंट पार्लियामेंट्री कमेटी बनी थी, तो यह विषय उसमें भी उठा था । क्योंकि एंट्री 43, 44 यूनियन लिस्ट और एंट्री 32 में विरोधाभास है । हम लोगों ने उस टाइम पर भी डिसेंट नोट नहीं दिया था । लेकिन हमने अपनी ऑब्जर्वेशंस इस चीज के ऊपर दी थीं कि कोऑपरेटिव सोसायटीज़ को सेंट्रल गवर्नमेंट रेगुलेट कर सकती है कि नहीं? इसके ऊपर विरोधाभास है । मेरा लिमिटेड पॉइंट यह है ।

माननीय अध्यक्ष : ओ.के. । मल्टी स्टेट कोऑपरेटिव सोसायटी का रजिस्ट्रेशन तो सेंट्रल, रजिस्ट्रार में होता है न? मैं यह पूछना चाहता हूँ ।

? (व्यवधान)

श्री मनीश तिवारी : सर, उसके ऊपर ? (व्यवधान)

माननीय अध्यक्ष : श्री एन. के. प्रेमचन्द्रन ।

? (व्यवधान)

माननीय अध्यक्ष : सौगत राय जी, आपका भी नंबर आएगा । आप हैड फोन लगा लीजिए ।

? (व्यवधान)

माननीय अध्यक्ष : श्री एन. के. प्रेमचन्द्रन ।

**SHRI N. K. PREMACHANDRAN (KOLLAM):** Sir, my objection is not to the legislative competence of the Bill. My objection is regarding the established rules, practices and procedures in the House. By this Banking Laws (Amendment) Bill, 2024 the Government is intending to amend four laws - the Reserve Bank of India Act, 1934; the Banking Regulation Act, 1949; the State Bank of India Act, 1935; and the Banking Companies Act, 1970 as well as 1980.

Sir, I am not questioning the legislative competence of the Government with regard to these Acts. But the problem is with regard to compiling or consolidating of four laws into one law, that is, banking laws. Yes, there are a lot of precedents. It can be done. But it is for the common purpose that the provisions of all these Bills should be interconnected.

I will just cite one example. Here, in this case the Cooperative Societies Act, in which the tenure of the Directors of the offices is extended from eight years to ten years. It has nothing to do with the original common purpose of the Bill.

My point is that this is against the precedence and conventions of the House and the practice which is being followed. Only those provisions which are interconnected, interrelated and have a common purpose to achieve, then only you can consolidate all these legislations together. That is the objection which I would like to raise.

Thank you very much, Sir.

**PROF. SOUGATA RAY (DUM DUM):** Sir, under Rule 72(1), I oppose the introduction of the Bill further to amend several laws. As has been pointed out, this Bill is entirely superfluous. It deals with amendments of the Banking Regulations Act to redefine substantial interests.

Then again, it changes the Rules with regard to directors of cooperative banks.

Then again, it goes to the State Bank of India Act and says that the unclaimed dividends would go to the Investor Education and Protection Act. Again, it goes to the State Bank of India Act to provide discretion to the public sector banks in the matter of remuneration of auditors.

Now, this Bill is superfluous in the sense that all that this Bill is seeking to achieve can be achieved through administrative steps. If the banks are not reporting to the

Reserve Bank of India, then steps can be taken against the banks under the present law. If the cooperatives, in which there is a lot of corruption throughout the country, are not functioning properly, the Banking Department can take steps against them. I totally object to the fact that they are saying that any unclaimed dividend would go to the Investor Education and Protection Fund, as a result of which we may complicate the resolution.

Sir, Mr. Premachandran has pointed out that through one Bill, four different laws are sought to be amended. Is this the way legislation should happen in this country? Four Acts are sought to be amended through one Bill, which is unnecessary, superfluous and against the interest of the people. Hence, I oppose the introduction of the Bill.

**THE MINISTER OF FINANCE; AND MINISTER OF CORPORATE AFFAIRS**

**(SHRIMATI NIRMALA SITHARAMAN):** Sir, the hon. Member was pointing out the ambiguity which prevails and also quoting from the slight dichotomy which prevails in the VII Schedule-listed items. I just want to highlight, which I think hon. Member Manish Tewari also conceded, that there have been several amendments earlier and probably, he felt that it was not sufficient to say that it has been done earlier, courts have not struck it down, so why not now, if I have understood him right.

Sir, I would think it is important for us to recognise the ambiguity, which he rightly points out, between Entry Numbers 43, 44 and 45 where one excludes the ? cooperative? and Entry 45 brings in the ?banking? and therefore, with that done and remaining in front of us, the various amendments which have been done to the Banking Regulation Act with respect to the cooperative banks are not just one or two; they are several. It happened in 1981, 1984, 1987, 1989, 1991, 2004, 2013 and 2020, just to cite a few. There are several instances, but I do not want to take the hon. House's valuable time.

But the simple understanding is that we are not touching any aspect of the cooperative other than that which came under the name of banking. I would not so directly relate it, but I would certainly bring to the notice of this hon. House, if I remember correct, that in 2019 when there was near collapse or complete collapse of a multistate cooperative bank, which hon. Speaker remotely mentioned, not the multistate cooperative dealing with primary agricultural society - it was through the Banking Regulation Act and through the body which governs insurance to be paid to the bank account holders - we had approached this hon. House and raised the insurance cover from Rs. 50,000 to Rs. 1,00,000 and from Rs. 1,00,000 to Rs.

5,00,000. As a result, we were able to give a lot of small account holders in these cooperative banks some relief. So, the inter-linkage between the banking regulation and that which is cooperative but banks, not the primary agricultural society, is completely getting repeated in history and every time the Banking Regulation Act has to, with due consideration, come with a delayed step. This is one of the reasons why we are doing not just the Banking Regulation Act but all those related to this, at one go. We can always come four times to this august House for the same cause, but when it is related to the same function of banks, either under the cooperative society or regularly under the banks, we need to take this route.

That is what is being done here. Just to give an example, I will cite the 2004 Amendment where Section 22A was introduced as a part of the Banking Regulation (Amendment) and Miscellaneous Provisions Act of 2004. It addresses the validity of banking licences granted by the Reserve Bank of India to multi-State cooperative societies. Section 22A was enacted to protect licensing status of multi-State cooperative societies, ensuring that licences granted before the 2004 Amendment remain valid, and providing a clear process for those whose applications were still pending at that time. So, the Sections which have been brought in as amendments and also the Court's verdicts have repeatedly reinforced the point that the Banking Regulation Act and the cooperative banks do have this relationship, and therefore, it has to be taken through this route. Otherwise, there is no attempt to undermine the cooperatives, particularly, the cooperatives which do not deal with banking. The banks and the cooperatives with licence for banking will have to have a route, and therefore, we have shown this.

I partly answered Prof. Sougata Ray's question regarding why so many Acts will have to be dealt with. The amendment that we are now aiming at is shifting of submission of statutory reports by banks ? which he mentioned distinctly ? to RBI from the reporting Friday to the fortnight of last month or quarter. What is the rationale behind it? The current reporting Friday system has several limitations that impact the accuracy and effectiveness of reporting of the data. I will name a few of these limitations. These limitations are: incomplete coverage of monthly data; seasonal fluctuations in banking activities, which lead to inconsistent reporting; and the need for adjustment every 11<sup>th</sup> year which introduces complications and inconsistencies. That is why, in order to address this issue, it is proposed to amend this legislation to transition to reporting on 15<sup>th</sup> and on the last working day of each month, thereby, accuracy can be brought in. Reports for the 15<sup>th</sup> would be

submitted on the 20<sup>th</sup> of the same month, while reports for the last day would be submitted by the 5<sup>th</sup> of the following month.

So, these are largely aimed at the common cause, a point which Shri N. K. Premachandran would say, a point which Shri Manish Tewari would say that the larger cause is what you should deal with through the Acts but not the minor ones or not the specific ones which benefit one section. This is actually going to impact the banking, both of cooperatives and otherwise as well. These are data today which are being used legitimately with approval by very many different sources and if inaccuracies are going to guide our policy-making, it may not be effective, and therefore, we had to come up with this.

Sir, I would seek your indulgence in clearing this.

माननीय अध्यक्ष : प्रश्न यह है:

?कि भारतीय रिजर्व बैंक अधिनियम, 1934, बैंककारी विनियमन अधिनियम, 1949, भारतीय स्टेट बैंक अधिनियम, 1955, बैंककारी कम्पनी (उपक्रमों का अर्जन और अन्तरण) अधिनियम, 1970, बैंककारी कम्पनी (उपक्रमों का अर्जन और अन्तरण) अधिनियम, 1980 का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति प्रदान की जाए ।?

प्रस्ताव स्वीकृत हुआ ।

श्री पंकज चौधरी : माननीय अध्यक्ष महोदय, मैं विधेयक को पुरःस्थापित करता हूँ ।

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**12.19 hrs**