

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:466
ANSWERED ON:03.12.2004
AMENDMENT TO BANKING REGULATION ACT
Mollah Shri Hannan

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that the proposed amendment to Banking Regulation Act 1949 to bring Banking Cooperatives Societies at par with Commercial Bank, will destroy the very root of the autonomy of the cooperative sector;
- (b) whether it is not a fact that such amendment will encroach upon the rights of the State Government; and
- (c) what steps the Government will take to set thing right, in the light of NCMP proposed on cooperatives?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b) and (c):- The Banking Regulation (Amendment) and Miscellaneous Provisions Bill, 2003 was introduced in the Parliament to amend Banking Regulation Act, 1949 to give greater operational flexibility to Reserve Bank of India and to redefine its control over co-operative banks. National Common Minimum Programme (NCMP) has referred to the need for making cooperatives, 'democratic and autonomous'. In view of this and the concerns expressed by certain State Governments, the Bill has been referred to the Reserve Bank of India for revisiting the proposals taking into account both the regulatory issues as well as the concerns of the Cooperative Credit Institutions.