

The Banking Regulation (Amendment) Bill, 2020

MR. DEPUTY CHAIRMAN: Now, the Statutory Resolution and the Banking Regulation (Amendment) Bill, 2020 to be discussed together. Shri Binoy Viswam; not present. Shri K.C. Venugopal; not present. Shri Digvijaya Singh; not present. So, the Resolution is not moved. Now, Shrimati Nirmala Sitharaman to move a Motion for consideration of the Banking Regulation (Amendment) Bill, 2020.

THE MINISTER OF FINANCE; AND THE MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): Sir, with your permission, I move: "That the Bill further to amend the Banking Regulation Act, 1949, as passed by Lok Sabha, be taken into consideration. "

The question was proposed.

MR. DEPUTY CHAIRMAN: There is one Motion by Shri Tiruchi Siva for reference of the Banking Regulation (Amendment) Bill, 2020 as passed by Lok Sabha to a Select Committee of the Rajya Sabha. The Member may move the Amendment at this stage without any speech. Shri Tiruchi Siva; not present. So, the Motion is not moved. The Motion for Consideration of the Bill is now open for discussion. Shri Digvijaya Singh; not present. Now, Shri Ashwini Vaishnaw.

SHRI ASHWINI VAISHNAW (Odisha): Yes, Sir, from Lok Sabha.

MR. DEPUTY CHAIRMAN: Please.

श्री अश्वनी वैष्णव: उपसभापति महोदय, सबसे पहले मैं आपको साधुवाद देना चाहता हूँ कि आपने हिंसा का जवाब अहिंसा से दिया। भगवान बुद्ध की पवित्र भूमि बिहार से आप आते हैं। आपको बहुत-बहुत साधुवाद। उपसभापति महोदय, यह बिल बहुत important है। जब भी बैंकिंग की बात आती है, बैंकिंग की चर्चा होती है, तो बड़ी-बड़ी संख्याएं, बहुत complex words ये सब आते हैं और उसके पीछे जो human angle होता है, जो मानवीय चेहरा होता है, उसे कई बार हम भूल जाते हैं। यह बिल उस human angle वाला बिल है। यह बिल जो साधारण, मेहनतकश, मिडिल क्लास और ऐसे परिवार जो अपने बच्चों की पढ़ाई के लिए, किसी आपदा के लिए, अपने बच्चों की नौकरी के समय के लिए एक-एक पैसा जोड़ते हैं, तो यह बिल उन सब बचत करने वालों को बचाने वाला बिल है। इस बिल को बहुत ध्यान से पास करना चाहिए, बहुत ध्यान से देखना चाहिए क्योंकि यह बिल बचत करने वालों को बचाने के लिए है।

उपसभापति महोदय, इस बिल में दो मुख्य प्रावधान हैं। पहला प्रावधान है, कोऑपरेटिव बैंक्स, जिनका supervision 1965 से RBI के द्वारा अलग-अलग amendments करके होता गया। आज

कोऑपरेटिव बैंक्स में reconstruction हो पाए - अगर कोई बैंक फेल होने की परिस्थिति में है, तो उसके reconstruction का प्रावधान, जैसे commercial banks में होता है, वैसे ही RBI कर सके - यह प्रावधान सबसे पहला प्रावधान है। दूसरा प्रावधान इसमें यह है कि अगर किसी भी बैंक का reconstruction करना पड़े, तो वह कैसे किया जाए। महोदय, मैंने बैंकों का काफी लम्बे समय तक का इतिहास पढ़ा है, कई देशों के बैंकों के प्रावधान मैंने पढ़े हैं - बैंक फेल होना बहुत साधारण बात है, पिछले दो-ढाई सौ वर्षों में कई बैंक फेल हुए हैं - जब बैंक फेल होता है, तो उसे कैसे reconstruct करें, जिससे जिन लोगों ने बचत की है, अपनी मेहनत का एक-एक पैसा बचाकर बैंक में मुसीबत के समय के लिए रखा है, उन्हें कैसे बचाया जाए, उसके लिए reconstruction की स्कीम को बिना moratorium लगाए RBI कर सके, वह दूसरा प्रावधान है। यह बहुत important प्रावधान है। मैं hon. Finance Minister श्रीमती निर्मला सीतारमण जी को धन्यवाद देता हूँ, साधुवाद देता हूँ कि उन्होंने माननीय प्रधान मंत्री जी के नेतृत्व में इतनी संवेदनशीलता दिखायी और समाज के उस तबके को, उस वर्ग को, जिसे इस protection की जरूरत है, उस वर्ग को आपने इस बिल के ज़रिए protection दिया, इसके लिए आपका बहुत-बहुत धन्यवाद।

उपसभापति महोदय, इस बिल की जरूरत क्यों पड़ी, उसके संबंध में मैं अति संक्षेप में दो उदाहरण दूंगा -YES Bank और PMC Bank का उदाहरण। YES Bank के promoters ने जब लोगों की मेहनत की कमाई को swindle करने की कोशिश की, तो गवर्नमेंट एकदम चौकन्नी थी, उसने तुरंत action लिया, criminal action लिया, बैंक का management चेंज किया, बैंक में fresh capital inject किया, properties के attachments किए, जिन्होंने गलती की थी, उन्हें तुरंत सज़ा दी और जिन लोगों ने अपनी मेहनत के पैसे YES Bank में रखे हुए थे, उन सबको बचाने के लिए तुरंत एक reconstruction scheme सरकार लेकर आयी। उपसभापति महोदय, मैं कोई अतिशयोक्ति नहीं कर रहा हूँ। आज दुनिया भर में YES Bank की reconstruction scheme की तारीफ हो रही है। क्यों तारीफ हो रही है - क्योंकि मात्र 13 दिन में उस बैंक के अंदर जो भी problems थीं, उन्हें solve करके उस बैंक में फिर से confidence लाया गया और एक institution को बचाया गया। इस प्रकार उस बैंक से जुड़े हुए जो लाखों परिवार थे, उन्हें बचाया गया। महोदय, मैं जानता हूँ कि हममें से बहुत से लोग निम्न मध्यमवर्गीय परिवारों से आते हैं, मैं भी उसी तरह के परिवार से आता हूँ। मुझे याद है, मेरे पिताजी केवल दो shirts रखते थे और जब कभी भी जो कुछ भी पैसा बचता था, उसे वे नज़दीक के State Bank of India में जमा कराते थे, ताकि बच्चों की पढ़ाई के समय, उनकी higher education के समय वह पैसा काम आए, बेटियों की शादियों के समय वह पैसा काम में आए। तो इस तरह के जो लाखों परिवार थे, उनका एक भी पैसा - माननीय प्रधान मंत्री जी और माननीय फाइनेंस मिनिस्टर महोदय को धन्यवाद कि उनका एक भी पैसा कहीं भी जा नहीं पाया, हर बचत करने वाले को उसकी बचत की हुई पूंजी की सुरक्षा मिली। बहुत सावधानी से, बहुत तेजी से और बहुत अच्छी तरह से YES Bank में जो action लिया गया, उसी तरह का action PMC Bank में भी लिया गया। महोदय, जो लोग कहते हैं कि हम cooperative व्यवस्था के साथ छेड़छाड़ कर रहे हैं,

[श्री अश्वनी वैष्णव]

मैं उन्हें बताना चाहता हूँ कि PMC का क्या meaning था - Punjab and Maharashtra Cooperative Bank. उसमें से Cooperative शब्द को पहले ही हटा दिया गया था, उसे कम कर दिया गया था, उसे मात्र 'C' रखा गया था - 'PMC Bank' और सारा focus बैंक पर कर दिया गया था। क्यों बैंक पर focus कर दिया गया - क्योंकि बैंक कहते ही लोगों में trust आता है, बैंक शब्द अपने आपमें एक ऐसा शब्द है, जिसके बारे में लोगों के मन में एक अलग धारणा है कि अगर मेरा पैसा बैंक में है तो वह safe है।

(उपसभाध्यक्ष, डा. सस्मित पात्रा पीठासीन हुए)

महोदय, मुम्बई के चौपाटी में भेलपूरी बनाने वाले एक व्यक्ति ने अपनी ज़िंदगी की सारी मेहनत की कमायी इसलिए वहां रखी थी, ताकि वह एक छोटा सा प्लेट खरीदे। उसकी पूंजी को PMC के लोग उड़ाकर ले गए। क्या उस वक्त आरबीआई और सरकार ने अपनी तरफ से पूरा एक्शन लिया? ईडी ने प्रॉपर्टीज़ एटैच की और क्रिमिनल एक्शन लिए गए, लेकिन कानून में जो कमी थी जिसके कारण पीएमसी बैंक का reconstruction नहीं किया जा सकता था, उसी कमी को दूर करने के लिए माननीय वित्त मंत्री जी इस बिल को लेकर आई हैं, उनको साधुवाद है और हमें इस बिल को तुरंत पास करना चाहिए। दो बैंकों के उदाहरण से यह स्पष्ट होता है कि इस बिल की जरूरत क्यों है। मैं मानता हूँ कि राजनीतिक दलों में मतभेद होता है और unfortunately आज हमारे साथी हमारे साथ नहीं हैं, लेकिन जो भी दल middle-class को सपोर्ट करते हैं, जो भी दल मेहनतकशों को सपोर्ट करते हैं, जो भी दल उस मजदूर को, उस रेहड़ी वाले को, उस खोमचे वाले को सपोर्ट करते हैं, जो कि अपनी मेहनत की कमाई का एक-एक पैसा जोड़ने की इच्छा रखता है, बचत करता है, आज उन सभी दलों से मेरा अनुरोध है कि इस बिल को unanimously पास करें। यह बिल बचत करने वालों को बचाने के लिए है।

महोदय, दो-तीन छोटे-मोटे विषय कई फोरम्स में उठाए गए हैं। पहला विषय है कि cooperative structure को इससे नुकसान होगा। कतई नुकसान नहीं होगा। यह भ्रम फैलाने वाली बात है। Cooperative structure का मूल है- democratic system, one share, one vote. इस पद्धति को बिल्कुल बदला नहीं जा रहा है। कोई भ्रम में न आए। हर प्रकार की बात को एकदम क्लियर करें और बिल को पढ़ें। इस व्यवस्था को बिल्कुल बदला नहीं जा रहा है।

दूसरा, कहा जा रहा है कि स्टेट की पावर ले ली जाएगी और यह भी कहा जा रहा है कि भाई federal system है, हमारी सारी पावर ले गए। आप पढ़ लो, बिल में साफ लिखा हुआ है, No Board of a Bank which is registered under the Registrar of Cooperative Societies of a State will be superseded by RBI without State consultation. स्टेट का कन्सल्टेशन तो बिल में compulsory रख गया है, तो क्यों भ्रम फैलाया जाए? माननीय मोदी जी cooperative federalism में विश्वास करते हैं। उनका आज तक का आचरण इस चीज़ को

क्लीयरली दिखाता है कि स्टेट मजबूत हो और जब स्टेट मजबूत होंगे, तभी राष्ट्र मजबूत होगा। इसलिए इस तरह के भ्रम को बिल्कुल न फैलाया जाए। तीसरा विषय कहा जाता है कि आरबीआई के पास इतना regulatory load है, तो वह क्या करेगा? उनके ऊपर पहले से बोझा था। ऐसी बात नहीं है। हमको आरबीआई के नेतृत्व पर पूरा विश्वास है। उन्होंने जिस तरह से IL&S का, जो इतना बड़ा incident था, उस incident को manage किया, उसके लिए आरबीआई, फाइनेंस मिनिस्टर और प्रधान मंत्री जी साधुवाद के पात्र हैं। Financial pandemic हो सकता था। बड़े-बड़े financial sector के specialist उस वक्त कह रहे थे कि IL&FS के कारण financial pandemic हो जाएगा, Lehman Brothers जैसी परिस्थिति हो जाएगी, depression हो जाएगा और कई तरह की बड़ी-बड़ी बातें हुई थीं। किस तरीके से, किस सूझ-बूझ के साथ, कितनी गहराई के साथ सोचकर उस IL&FS के सिस्टम के crisis को मैनेज किया। इसके लिए आरबीआई, फाइनेंस मिनिस्टर और प्रधान मंत्री जी को बहुत-बहुत साधुवाद है। आरबीआई ने already, जैसी हम बात कर रहे हैं दो departments को, supervisory departments को merge किया है। एक Special Supervisory Cadre बनाया है और उन्होंने अभी एक College for Supervisors भी गठित किया है। हमको आरबीआई के नेतृत्व पर पूरा विश्वास है। आरबीआई के ऊपर regulatory load अधिक नहीं बढ़ेगा और वह उस लोड को लेने में सक्षम है।

उपसभाध्यक्ष महोदय, मैं conclude करूंगा। इकोनॉमिक पॉलिसी के तीन पिलर्स होते हैं, monetary policy, fiscal policy और credit policy. Credit policy का जो बेस है, वह बेस होता है - फाइनेंशियल सिस्टम। मेरे बहुत सारे मित्र, मेरे classmates फाइनेंशियल सिस्टम में हैं। मैं उनसे मिलता हूँ और बातचीत करता हूँ। फाइनेंशियल सिस्टम की अपनी एक विशेषता है। उपसभाध्यक्ष महोदय, आप भी ओडिशा से आते हैं। उड़िया भाषा जो भगवान जगन्नाथ महाप्रभु ने अपनी भक्तों को दी, वह अति मीठी भाषा है। उसमें सदियों का wisdom समाया हुआ है। उसमें एक छोटी सी उड़िया * , यानी उड़िया proverb है। * यानी दूसरों के पैसों से काम करना। बैंकिंग सिस्टम, फाइनेंशियल सिस्टम हमेशा दूसरों के पैसों से काम करता है, कैसे? हमने पैसों की बचत की, उस बचत के पैसे का आगे लोन लिया जाता है, इधर से लोन उठाया और फिर दूसरी जगह लोन दिया। यह जो व्यवस्था है, इस व्यवस्था में, जिसमें दूसरे के पैसे को व्यवहार में लाया जा रहा है, उस व्यवस्था में रेगुलेटरी सिस्टम अति strong होना जरूरी है। इसलिए जरूरी है, क्योंकि हम केवल उन संख्याओं के, उन कानूनों के और उन रेगुलेशन्स के उन रेगुलेशन्स और उन संख्याओं के पीछे जो मानवीय चेहरा है, जो परिवार है, जो मेहनतकश लोग हैं, जो लोग अपने बच्चों की पढ़ाई के लिए एक-एक पैसा जोड़ रहे हैं, उन सबको बचाने के लिए जो भी रेगुलेशन लाना पड़े, जो कानून में बदलाव लाना पड़े, वह सब बदलाव लाना चाहिए। यह बिल भी उसी तरह का एक बिल है। इसलिए मेरा सभी से निवेदन है कि वे unanimously इस बिल को सपोर्ट करें, धन्यवाद।

SHRI A. VIJAYAKUMAR (Tamil Nadu): Sir, I am thankful to you for giving me this opportunity to put forward my view and the views of my party on the Banking

*The Hon' ble Member spoke in Odia.

[Shri A. Vijayakumar]

Regulation (Amendment) Bill, 2020. The necessity of the Bill was realized after some of the incidents concerning co-operative banks unearthed in recent times. There should be someone to vouch the functioning of our co-operative banks and this Bill is in this direction. The Bill provides to bring our 1,482 Urban Co-operative Banks and 58 multi-state co-operative banks under the control of the Reserve Bank of India. However, primary agricultural credit societies and co-operative societies whose principal business is long-term financing for agricultural development have been exempted, which is a very good step and I appreciate our hon. Finance Minister for this. The very interesting part of the Bill is that the Reserve Bank of India can initiate a scheme for reconstruction or amalgamation without imposing a moratorium. However, under Clause 4 of the Bill, it is stated that no person will be entitled to demand payment towards surrender of shares issued to him or her by a co-operative bank. Further a co-operative bank cannot withdraw or reduce its share capital. In this connection, I request the hon. Minister to see that a needy person with genuine reasons should be allowed to withdraw his hard-earned money put in any co-operative bank. He or she may be seeking the money maybe for any other genuine reasons. Therefore, he or she may be allowed to withdraw or surrender his or her shares for refund of money. Now, the Government has come forward with more strict measures by way of this Bill. I would like to urge upon the hon. Finance Minister to allow registration of multi-state co-operative banks across the country, as the same has been kept in abeyance for quite some time. I must congratulate the hon. Finance Minister that she took special care to ensure that the co-operative banks in the country run professionally. On the stipulations made regarding the Board of Directors that they must have at least 51 per cent of members with special knowledge or experience in areas such as accountancy, banking, economics or law; the Reserve Bank of India may direct a bank to reconstitute its Board, if it does not conform to the requirements; if the bank does not comply, RBI may remove individual directors and appoint suitable persons. It is needless to say that nowadays any organization can run or make profit, if it is followed professionally. Therefore, this provision is in the right direction. With these words, I conclude my speech, and I support the Bill on behalf of my party A.I.A.D.M.K. Thank you, Sir.

DR. AMAR PATNAIK (Odisha): Sir, since the hon. Finance Minister is here and my friend, Ashwiniji was speaking, let me just start by saying that I served as the Auditor-General of Co-operative Societies in Odisha for good three years, when Shri

Ashwini Vaishnaw was the Chairman of the Urban Co-operative Bank, Cuttack. So, I can tell you that I have a lot of happiness to say that this Bill has been made and brought into this House by hon. Finance Minister, and I must compliment her because the challenges that the Urban Co-operative banks faced over a long period of time are well-known. It has been there in several Committee Reports. For example, lack of professional management, conflict of interests, related party transactions, recovery problem, NPA not under control, sometimes wrongly depicted, prudential norms not being followed, poor monitoring mechanism, poor infrastructure, rigid structure, capital inadequacy, a number of these things have been addressed in this Bill. I, on behalf of the party, Biju Janata Dal, support the move of the Government and hon. Finance Minister in particular. The key points which have been stated by hon. Vaishnawji relate to scheme for reconstruction, the issuance of shares and securities by these Banks, the control over the Board of Directors, in consultation with the Registrar of Cooperative Societies, provision of allowing the Bank to reach out to the market to increase its capital, exemption for some portion of Cooperative Banks which are involved in agricultural sector and long-term finance. Now some of these are very good steps in this direction to reduce these challenges. Having said so, I am very tempted to quote this. This is a Latin phrase which says that '*quis custodiet ipsos custodes*', which means, who guards the guardians, who will watch the watchman, who will police the police. Now, this was given by Juvenal from his Satires, Plato in his Republic and Socrates and, as late as, John Stuart Mill in Consideration on Representative Government. Why do I say so? I say this because the RBI which is going to regulate these Urban Cooperative Banks, what is its accountability, what has been its performance, what is the accountability of the regulatory power that it enjoys? Is it going to be overstretched? Now, let me quote some figures, the latest figures of April-June of RBI Report itself relating to frauds in public sector Banks. It is ₹19,964 crores by RBI's own Reports between April and June, SBI cornering ₹2050 crores in 2325 cases, Bank of India ₹5124 crores in 47 cases. Several frauds, as Vaishnawji was saying, all of us know about it, the PNB Bank, the Yes Bank, the ICICI Bank, etc. Now, I am not saying that frauds will not happen. But let us look at the mechanism that is available with the RBI. The mechanism is onsite audits and offsite surveillance. How effective are they? Now, when you are adding 1482 Urban Cooperative Banks and 50 Multistate Cooperative Banks to safeguard the deposits of 8.6 crore depositors, ₹4.84 lakh crore, we have to examine the efficacy of the RBI's mechanism or existing mechanism to monitor these Banks. Can

[Dr. Amar Patnaik]

RBI regulate it? You see that these Urban Cooperative Banks were always under the RBI's regulations and supervision to some extent because nobody can do banking in this country without RBI's permission. RBI had some amount of supervision and despite that some of the scams that we talked about did happen. But what happened to the responsibility? I am here talking about the RBI, I am not here talking about the Government. We must understand that the Government and the RBI are different. RBI is an autonomous institution. The Government has acted very fast, very promptly. As Ashwiniji was mentioning, but the RBI happens to be an opaque body, what has happened to the internal control mechanisms that exist there? What happens to the action to be taken against the auditors when they fail to report some of the issues that have come out in PMC? I think the country may need to know about that. RBI had a grading system. It came out with CAMEL System in 2009, it came out with the Review of SAF, the Supervisory Action Framework in 2012. It revised it in 2020. Then Raghuram Rajanji came with AQR in 2014. But let us look at the Report of K.C. Chakrabarty, the ex. Deputy Governor of RBI.

THE VICE-CHAIRMAN (DR. SASMIT PATRA): Hon. Member, please conclude.

DR. AMAR PATNAIK: He says that the skill side of the people within RBI to exercise supervision is very weak. They can be updated only to a certain extent and not more. Why not hire certified fraud examiners? They are internationally certified. Why can't they be hired by RBI to increase its supervisory role?

THE VICE-CHAIRMAN (DR. SASMIT PATRA): Hon. Member, you need to conclude, please.

DR. AMAR PATNAIK: Sir, the most important thing that I would like to say is that while it is a good thing what the Government has done, but the new regulation will put the banks and urban cooperative banks under a strict regime of RBI. But, the actual supervision should improve. These banks are giving loans to small people and the MSMEs. Hence, there is a high risk. Therefore, their internal control mechanism has to be very robust and they need to be reviewed from time to time very strictly. Their NDTL has to be monitored. They have to be professionalized. Through this Bill, the RBI should safeguard the depositors. That is what I would end with. Thank you so much, Sir, Mr. Vice-Chairman and thank you, Madam Finance Minister.

THE VICE-CHAIRMAN (DR. SASMIT PATRA): Now, Dr. Chandrapal Singh Yadav. He is not present. Dr. K. Keshava Rao, not present. Now, Shri Ram Chandra Prasad Singh.

श्री राम चन्द्र प्रसाद सिंह (बिहार): वाइस-चेयरमैन महोदय, मैं इस विधेयक का समर्थन करता हूँ। हम सब जानते हैं कि separation of powers की Union और State की हमारी जो लिस्ट है, उसमें 'Banking' हमारी Union List के 45वें नम्बर पर है और 'Cooperatives' हमारी State List के 32वें नम्बर पर है। अगर हम सिर्फ cooperatives को deal करेंगे, जहाँ banking नहीं है, तो यह राज्य का domain होता है, इसको रजिस्ट्रार देखता है, लेकिन cooperatives जैसे ही banking का काम शुरू कर देती हैं, तो इसमें RBI आ जाता है। इसलिए बहुत लोग इस बात की चर्चा करते हैं कि इस बिल से राज्य के अधिकार का erosion होगा, यह बिल्कुल असत्य है। यहाँ हमें इस चीज को देखना है कि इस बिल में बहुत स्पष्ट किया गया है कि cooperative का main काम agriculture के development का है। जो Primary Agriculture Cooperative Society है, ऐसी agriculture society agriculture के development के लिए काम करती है, उसको इससे बाहर रखा गया है। यह बहुत स्पष्ट है। अभी आप banks के बारे में वैष्णव जी को भी सुन रहे थे और अमर जी को भी सुन रहे थे, आजकल हमारे जो cooperative banks हैं, इनमें depositors का 5 लाख करोड़ रुपए के आस-पास पैसा जमा है। यह कैसे सुरक्षित रहे, इसके लिए जरूरी है कि हमारे जो बड़े-बड़े cooperative banks हैं, उनका professional management हो। अभी तक यह होता था कि इसको स्टेट का रजिस्ट्रार देखता था। उनका जो Board of Directors होता था, आप सब जानते हैं और अब ऐसा होगा कि इसमें RBI का role बढ़ा है, तो उनका जो management होगा, जो personnel होंगे, उनका जो selection होगा, निश्चित रूप से उसमें quality आएगी। इससे professional management बढ़ेगा। इससे उनका जो लक्ष्य है, उसकी पूर्ति में सहायता मिलेगी। Cooperative banks में सबसे बड़ी परेशानी यह होती है कि इसमें तरह-तरह के scams हो जाते हैं, क्योंकि आप miss करते हैं, कभी उनका accounts नहीं होता है और वहाँ बहुत unprofessional लोग रहते हैं। इससे इन सबकी संभावनाएँ कम रहेंगी। यह व्यवस्था हो जाने से निश्चित रूप से यह संभावना अच्छी होगी कि हमारे cooperative banks में depositors के जो पैसे हैं, वे सुरक्षित रहेंगे और वे अपना व्यापार भी कर पाएँगे। अमर जी खास कर RBI के role के बारे में जो एक बात कह रहे थे, निश्चित रूप से RBI के पास बहुत सारे regulatory काम हैं। यह तो एक अच्छा कदम है और निश्चित रूप से RBI इन चीजों को देखेगा कि जब वह इसमें supervision के लिए, monitor करने के लिए जा रहा है, तो उसके लेवल पर कैसे और manpower हो, जिससे हमारा जो पूरे का पूरा cooperative bank का सिस्टम है, वह transparent हो, उसमें लोगों का विश्वास हो, जो depositors हैं, उनका money भी safe रहे और पहले जो घटनाएँ घटी हैं, वे न हों।

महोदय, मैं इस बिल का समर्थन करता हूँ। बहुत-बहुत धन्यवाद।

SHRI KANAKAMEDALA RAVINDRA KUMAR (Andhra Pradesh): Mr. Deputy Chairman, Sir, thank you for giving me this opportunity. With regard to the provisions of this legislation, on replacement of Section 3 of the Banking Regulation Act, it is not applicable to the Primary Agricultural Credit Societies. On Amendment of Section 45, the RBI is having an authority to make a scheme for protecting the interests of the public in the event of reconstruction. Section 56 is with regard to the applicability of Banking Regulation Act. It is extended to all cooperative banks. It is made applicable to all the banks. My request is, it appears that the Reserve Bank of India is a regulator and it is becoming the authority of all cooperative banks. It has to be noted that this Bill is having far-reaching consequences for the cooperative sector movement. Banking is within the purview of the Union List, but at the same time, the cooperative sector is in the State List. So, the States should be taken into confidence for this purpose. The cooperative sector in India has played a very pivotal, important role in the banking industry. My suggestion is that the cooperative sector of banking and cooperative sector of financing should be promoted and encouraged. Though this Bill requires changes in the cooperative movement, but it is under the exclusive control of the RBI. I urge upon the hon. Minister to see to it that the identity of the cooperative movement is promoted and it should continue though it is under the purview of the Banking Regulation (Amendment) Bill. Thank you, Sir, for giving me this opportunity.

THE VICE-CHAIRMAN (DR. SASMIT PATRA): Shri Binoy Viswam; not present. Shri Anil Desai; not present. Shri Ashok Siddharath; not present. Shri Sushil Kumar Gupta; not present. Shri Praful Patel; not present. Shri V. Vijayasai Reddy.

SHRI V. VIJAYASAI REDDY (Andhra Pradesh): Thank you Mr. Vice-Chairman, Sir for giving me this opportunity. At the outset, I would like to appreciate the hon. Finance Minister for introducing this Bill. It is a right step in the right direction by the Government in protecting the interests of the depositors associated with the cooperative banks. The need of the hour is not to let more cooperative banks slip into poor financial conditions with problematic balance sheets. So, this Bill achieves this objective of not letting the cooperative banks slip into bad financial condition. The Bill looks into these aspects and suggested reforms at the administrative and financial levels of the cooperative bank. However, I would like to bring it to the kind notice of the hon. Finance Minister and make a few suggestions. The Vishakapatnam Cooperative Bank has become the biggest cooperative bank in South India and has achieved the milestone

in July 2020 by crossing the total business of ₹ 6000 crores and with more than 88,000 members. With so many cooperative banks in losses in the country, I request the hon. Minister to kindly look into the functioning of Vishakapatnam Cooperative Bank and take some cues in implementing a similar model for the operation of other cooperative banks also. This is another area which might be looked into by Madam Minister as to keep the spirit of cooperative movement alive. The second issue which I would like to bring to the notice of Madam is that RBI has an urban bank department which is vested with the responsibility of regulating and supervising the urban cooperative banks and yet the PMC Bank scam case has occurred. It means that the hon. Minister will look into strengthening of the Urban Banks Department of the RBI that supervises the cooperative banks. Otherwise, just giving more regulatory powers to RBI would not solve the problem of finding and fixing the issues in cooperative banks. The next suggestion which I would like to bring to the notice of Madam is the benefit of district cooperative banks attached to the State-based primary agricultural cooperative societies in disbursing and recovering the agricultural credit. It is well known to all. However, most of the DCBs, the District Cooperative Banks, are struggling across the country due to poor credit and its recovery. Andhra Pradesh has been able to solve this problem by merging district cooperative societies with the AP State Cooperative Bank. This has helped in sustainability and smooth functioning of these banks. I request the hon. Minister to kindly look into it. If the hon. Minister finds it suitable for other banks in the remaining parts of the country, it can be adopted.

There is one concern. The concern is that the RBI is overburdened and current operations are being hurt across the board. This is the allegation which is being made.

The Bill brings within its purview more than 1,500 cooperative banks. Thus, more clarity may be given on the kind of changes that are going to be made to equip the RBI in terms of human resources to handle administration of these banks.

Lastly, I request the hon. Minister to kindly look into the very amendment. Sir, 'banking' is under the Union List.

THE VICE-CHAIRMAN (DR. SASMIT PATRA): Mr. Reddy, please, conclude.

SHRI V. VIJAYASAI REDDY: Sir, 'incorporation, regulation and winding up of cooperative societies' is in the State List. I request the hon. Minister to kindly look into the legislative competence as far as this Bill is concerned.

With these words, our party supports this Bill. Thank you.

SHRIMATI NIRMALA SITHARAMAN: Sir, thank you very much.

This is a very important Bill as has been recognized by most of the hon. Members who took part in this discussion. It is important because, in the last one-and-a-half to two years, we came to know of so many cooperative banks or cooperative societies functioning as banks and calling themselves as banks falling into difficulties. The oft repeated example is of the PMC Bank, while there are also other banks. I come from Karnataka. Bangalore has Guru Raghavendra Cooperative Bank which has had very serious difficulties.

In presenting this particular set of amendments, I wish to highlight and state upfront that this set of amendments to the Banking Regulation Act is being brought to completely protect the interests of depositors. That is why there are only a few amendments. Amendments are coming in with a singular objective of protecting the interests of the depositors.

(MR. DEPUTY CHAIRMAN *in the Chair*)

Sir, we wanted to protect depositors by ensuring that we don't have any more such difficulties like the ones being faced by PMC-like banks. We wanted to bring in proper management. We wanted to make sure that they are professionally run.

Sir, we also underline that if we need, if at all, to restructure any such cooperative bank, we should be able to do that without bringing in a moratorium. Restructuring without moratorium is being proposed by amending Section 45, so that we are able to give a quick recovery, quick payback and also make sure that the interests of the depositors are safeguarded. Contrasting experiences will be remembered by people, depositors and public the way in which PMC solutions getting protracted when solutions will have to be offered to depositors the way in which Yes Bank's restructuring happened. Sir, within a matter of two weeks, everything was sorted out for Yes Bank which was governed by the commercial bank rules; whereas, even till today, the PMC Bank solutions are not completely emerging, thus putting the depositors into difficulty. Therefore, since the commercial bank restructuring could happen by following commercial bank rules being extended to it -- it is governed by the commercial bank rules -- and, therefore, some kind of a solution was possible. But commercial banks' rules are not extended to cooperative societies which function as banks. That is why, here, what we underline is, this is not going to affect any of the other developmental

activities of the cooperative societies. The amendments that we are bringing in here are purely to impact on and govern those cooperative societies which do banking, which call themselves as banks, and carry forward the functioning of a bank. So, the cooperative societies doing other activities are not going to be covered. Only those cooperative societies which use the word 'bank' or function as banks will be governed by these amendments. I have explained already as to why we want to bring in these amendments. We want to bring in these to protect the interest of investors. In the last two years, I myself have met with several delegations of depositors who are in difficulty; the PMC and Guru Raghavendra Bank are two classic cases. I want to also make it clear that this set of amendments shall not apply to Primary Agricultural Credit Societies or Cooperative Societies whose primary object or principal business is providing long-term finance for agricultural development. They shall not be covered by these set of amendments. The State Cooperative laws are also not being touched. Some Members have asked, "Will it now change the voting pattern", because the cooperative societies do have this voting pattern of 'one vote, one member'. Now, when we do these amendments, is that going to affect them? Not at all. All that is governed by the State Cooperative laws. Therefore, since we have nothing to do through these amendments on the State Cooperative laws, nothing of that will change. So, although there are several other explanations that I can give justifying why we want to come up with these amendments, I think, amply, many of the hon. Members have rightly spoken about it. I don't want to elaborate. But, we should kindly remember that during the COVID period, many cooperative banks have come under stress. Their finances are also being closely monitored by the regulator, the RBI, which regulates them from 1965 onwards. We want to be clear about many of the cooperative banks and their health in terms of maintaining a certain kind of banking norms, which they may or may not follow. I will just very quickly, for the record sake, give the numbers. About 277 urban cooperative banks are reporting loss; 105 urban cooperative banks are unable to meet the minimum regulatory capital requirements; 47 are having negative networth, and 328 urban cooperative banks are having more than 15 per cent gross NPA ratio, as of March, 2019. And, with the pandemic setting in, this stress has also increased in cooperatives with gross NPA ratios of urban cooperative banks increasing from 7.27 per cent in March, 2019, to 10 per cent in March, 2020. Therefore, these changes are very much required and absolutely necessary to protect the depositors. Therefore, I appeal to you, Sir, with all the Members having spoken, I thank all of them, many of them have welcomed this. I am

[Shrimati Nirmala Sitharaman]

indeed grateful to them. This is timely and required. You would also remember that the deposit insurance was also increased by us during the Winter Session, the Budget Session probably. The insurance cover has also been enhanced. With this, Sir, I seek all the Members' cooperation, through you, to have this Bill passed.

MR. DEPUTY CHAIRMAN: Thank you, Madam. Since the Statutory Resolution and the Motion for reference of the Bill to Select Committee not moved, I shall now put the motion moved by Shrimati Nirmala Sitharaman to vote.

The question is:

"That the Bill further to amend the Banking Regulation Act, 1949, as passed by Lok Sabha, be taken into consideration."

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up Clause-by-Clause consideration of the Bill. In Clause 2, there are two Amendment (Nos.8& 9) by Shri Digvijaya Singh. Not present. Amendments not moved.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

MR. DEPUTY CHAIRMAN: In Clause 4, there are two Amendments (Nos. 6 and 7) by Shri Praful Patel; not present.

Clause 4 was added to the Bill.

Clause 5 was added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRIMATI NIRMALA SITHARAMAN: Sir, I move:

That the Bill be passed.

The question was put and the motion was adopted.
