

LOK SABHA

**SYNOPSIS OF DEBATES
(Proceedings other than Questions & Answers)**

Wednesday, September 16, 2020 / Bhadrapada 25, 1942 (Saka)

***MATTERS UNDER RULE 377**

- (1) **DR. SUJAY VIKHE PATIL** laid a statement regarding need to address concerns of farmers due to proposed land acquisition by Army in Ahmednagar.
- (2) **SHRI AJAY MISRA TENI** laid a statement regarding need to streamline the auction process for confiscated goods entering India from Nepal in Uttar Pradesh.
- (3) **SHRI RAVI KISHAN** laid a statement regarding need to develop Lalit Narayan Mishra Railway Hospital in Gorakhpur Parliamentary Constituency, Uttar Pradesh into Medical college.

* Laid on the Table as directed by the Chair.

- (4) **SHRIMATI RAKSHA NIKHIL KHADSE** laid a statement regarding need to scrap the creamy layer system in OBC reservation and also include OBC census in Census-2021.
- (5) **SHRI SUNIL BABURAO MENDHE** laid a statement regarding special assistance package for Vidarbha.
- (6) **SHRIMATI APARAJITA SARANGI** laid a statement regarding State Business Reform Action Plan 2019 (BRAP).
- (7) **SHRI KRISHNAPALSINGH YADAV** laid a statement regarding need to set up a Mega Food Park in Guna Parliamentary Constituency, Madhya Pradesh.
- (8) **SHRI REBATI TRIPURA** laid a statement regarding resolution of problems afflicting Tripura Autonomous District Council.
- (9) **SHRI VISHNU DAYAL RAM** laid a statement regarding construction of Garhwa-Rehla bypass road in Jharkhand.
- (10) **SHRI G. S. BASAVARAJ** laid a statement regarding revision of wages for ASHA workers.
- (11) **SHRI KHAGEN MURMU** laid a statement regarding need to take flood control measures in Maldaha Uttar Parliamentary Constituency, West Bengal and provide compensation to the affected people.

- (12) **SHRI RAJESH VERMA** laid a statement regarding need to construct stretch of National Highway No. 24 between Sitapur and Sahajahanpur in Uttar Pradesh.
- (13) **SHRI SUDHAKAR TUKARAM SHRANGARE** laid a statement regarding need to set up FM Radio Station in Latur City, Maharashtra.
- (14) **SHRI RANJEETSINHA HINDURAO NAIK NIMBALKAR** laid a statement regarding need to provide water from Niradevghar and Gunjawani dams to drought-hit areas of Statra and Solapur in Maharashtra.
- (15) **DR. JAI SIDHESHWAR SHIVACHARYA SWAMIJI** laid a statement regarding need to provide special financial package to Textile and garment industry of Solapur Parliamentary Constituency, Maharashtra.
- (16) **ADV. DEAN KURIAKOSE** laid a statement regarding comprehensive package for deceased plantation workers in Idukki, Kerala.
- (17) **SUSHRI S. JOTHIMANI** laid a statement regarding contraction of GDP and rising unemployment.
- (18) **SHRI UTTAM KUMAR REDDY** laid a statement regarding Rail Line between Hyderabad and Vijayawada.

- (19) **SHRIMATI KANIMOZHI KARUNANIDHI** laid a statement regarding problem of sand accretion in Thoothukkudi, Tamil Nadu.
- (20) **SHRI A. RAJA** laid a statement regarding setting up of SBI Branch in Pandalur Taluk of Nilgiris.
- (21) **SHRI SRIDHAR KOTAGIRI** laid a statement regarding prohibition of export of raw human hair.
- (22) **SHRI SHRIRANG APPA BARNE** laid a statement regarding need to develop the historical sites in Maval Parliamentary Constituency, Maharashtra.
- (23) **SHRI CHANDESHWAR PRASAD** laid a statement regarding sharing of information regarding expenditure and programmes under CSR funds in inspirational districts particularly in Gaya district Bihar.
- (24) **SHRI RITESH PANDEY** laid a statement regarding need to restore the routes of Doon Express and Ganga-Satluj Express in Ambedkarnagar Parliamentary Constituency, Uttar Pradesh.
- (25) **SHRI KOTHA PRABHAKAR REDDY** laid a statement regarding need to extend financial assistance for creation of pharma city in Mucheria, in Hyderabad, Talangana.
- (26) **SHRI P.K. KUNHALIKUTTY** laid a statement regarding access of CGHS facilities in smaller cities.
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STATUTORY RESOLUTION

Re: Disapproval of the Banking Regulation (Amendment) Ordinance, 2020

(Ordinance No. 12 of 2020)

And

THE BANKING REGULATION (AMENDMENT) BILL, 2020

SHRI MANISH TEWARI moved that this House disapproves of the Banking Regulation (Amendment) Ordinance, 2020 (Ordinance No. 12 of 2020) promulgated by the President on 26th June, 2020.

THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN) moved the motion that the Bill be taken into consideration.

Our Government is trying to bring this Amendment in order to protect the depositors who have been facing hardships in banks or cooperate societies which are operating as banks either because these banks have fallen into bad debt requiring therefore a regulator. Unfortunately during the last budget session we could not have this Bill passed, therefore we had to bring in Ordinance. As many as 277 urban cooperative banks are reporting losses and 105 urban cooperative banks are unable to meet even the minimum regulatory capital requirement. Gross NPA ratios of urban cooperative banks has increased from 7.2 per cent in March, 2019 to over 10 per cent in March, 2020. Therefore, in the interests of the depositors, we had to bring in this ordinance. Sections 3, 45 and 56 are being

amended. We are making those provisions applicable to banking companies, applicable to cooperative banks also so that these banks are equally subjected to better governance and sound banking regulations through the RBI. For instance, we are not able to solve the problem of the depositors of the PMC bank. If we are able to empower the RBI with amendment in section 45 then we can safeguard the interests of the depositors. Let me be very clear that we are not doing anything to touch State Cooperatives, primary agricultural credit societies and those cooperative societies providing long term finance for agricultural development. I, therefore, request the august House to consider and pass this amendment Bill.

SHRI MANISH TEWARI *initiating said:* At a point in time when our GDP growth rate had been in a free fall for seven quarters preceding the lockdown and when all economic activities during the lockdown had come to a complete standstill, there was absolutely no rationale for promulgating this Ordinance, especially when the Banking Regulation (Amendment) Bill was under consideration in this very House. This resort to the ordinance route in order to make laws is something which undermines the Majesty of the Parliament. My second point is that this particular Ordinance falls foul of Article 123(3) of the Constitution of India also. The objective of this Ordinance is to bring district central cooperative banks and urban cooperative banks under the control and supervision of the Reserve Bank of India. The Government has attempted by trying to segregate primary agricultural credit societies and long-term credit

societies from district cooperative banks and implement the same template in the urban areas also which is going to create utter mayhem in the agricultural economy. The final point that I would like to stress is that the Reserve Bank of India is in itself a conflicted institution by design. If there is a need to bring about substantive reform, the need is to unscramble this Reserve Bank of India and segregate its various functions so that the primary function of the Reserve Bank of India as the regulator of the Indian banking system can be primarily discharged. So, I once again urge the Government to withdraw this Bill and let this Ordinance be disapproved by a Statutory Resolution.

SHRI S. C. UDASI: As the economic situation arising from the COVID-19 pandemic has increased the stress, both in cooperative and banking companies, there was an immediate need for legislation in this regard. This Bill is to empower RBI to effectively handle the mishaps or the adversaries in private banks and also in the cooperative banks without any loss of public confidence or disruptions and will allow the RBI to prepare the Reconstruction Scheme for failed banks. With the passage of time, most cooperative banks have lost their purpose. Excessive State control and politicization further led to their deterioration. Many of these banks did not adhere to prudential norms prescribed by the Reserve Bank of India. However, we know that cooperative banks have for long been the backbone of rural banking since their inception. But, the recent scams in the cooperative banks have been a jolt to the cooperative banking system. So, we bringing certain

cooperative banks under the supervision of the RBI to protect the depositors. Besides, this Bill will also apply to the societies. This Bill also provides for restricting the cooperative banks from lending to their own Directors. Moreover, regulatory approval and removal of auditors will enhance the transparency, restore depositors' confidence and protect depositors' hard-earned savings. So, I welcome this Bill and my point is that with the passage of this Bill the confidence of the depositor would get a boost and it will also help prevent further scams, frauds and malpractices in the banking industry and it will also help bring in financial stability.

SHRI DNV SENTHILKUMAR S. : This Bill proposes to bring the urban cooperative and multi State cooperative banks under the ambit of the RBI and its regulations. Coming to the first point to incurring losses by cooperative banks, I would like differ on this. I would like to give an example of the State of Tamil Nadu where we have 128 cooperative banks which are running very successfully and only 9 of them have been reporting losses. So, this argument does not hold good. Even few cooperative banks are in losses then it is because of various natural calamities like famine, drought and so many other reasons where the Government has to step in and empower them. But this is not being done. In relation to cooperative banks, the State has the power to incorporate a bank, to regulate a bank and also to wind up the regulations of a cooperative banks. As far as second part of empowering to nominate a Chairman or to reconstitute the bodies

is concerned, I would like to say that this Government is undermining the process of democracy for a very, very long time. The RBI is already overloaded with so many other works. If the Government is going to step in with regulation of even the cooperative banks, there is going to be an overload on the RBI.

PROF. SOUGATA RAY: This Bill is an infringement of the State's rights and also despite the Registrar of Cooperative Banks is already there in the States, to appoint RBI as the total regulator is a wrong step. The main trigger was the collapse of the Punjab and Maharashtra Cooperative (PMC) Bank behind bringing this Bill in a hurry. The Banking Regulation Act will enjoy supremacy over Cooperative Banks. The power of RBI to remove management or draw up plans to merge/dissolve Cooperative Banks will override the power of the State Registrar of Cooperatives. This will improve the equity of the banks. It is true but what happens in a joint stock company? People have voting rights according to their share holding but in cooperative, one member means one share or one vote. So, we are actually taking away the structure of the cooperatives which has been built. At the same time, I agree that there have been some bad apples among the cooperatives. So, basically the concept of the Bill is flawed. Actually, this Government is hampering the Cooperative Movement which has been successful in Maharashtra, Gujarat and South India. I do not think that the RBI has proved to be the best regulator in the country. Hence, I still think that the Government should try to encourage cooperatives and cooperative banking.

SHRI LAVU SRIKRISHNA DEVARAYALU: Given the decline in the Capital Adequacy Ratio of Cooperative Banks from 13.5 per cent to 9.8 per cent and their failure to protect the interests of the depositors, the Government wants to bring all Urban and Multi-State Cooperative Banks under the RBI. It wants to achieve better management. Our Party wholeheartedly welcomes this Bill. At the same time, let us not make RBI a one stop solution for every problem that is happening because it was under the watchful eyes of the RBI bad loans have almost gone up by 134 per cent, which amounts almost to Rs. 1.5 lakh crore. The third and the most important thing is that the Reserve Bank of India and Public Sector Banks have to appreciate the work done by cooperative banks. The cooperative banks have some advantages as they are very approachable to customers and they have rendered extremely good service to the people. While supporting this Bill, I hope the Government would take these points into consideration.

SHRI GAJANAN KIRTIKAR: I, on behalf of my party support the Banking Regulation (Amendment) Bill, 2020. We are the worst sufferers due to the scam that happened in the PMC Bank. So, we were anxiously waiting for some stringent measures to be taken by the Finance Ministry so as to control the activities of cooperative banks. So, I welcome this Bill. The Government has allowed cooperative banks to raise money by way of public issue and private placement. This is a great step as this will increase their access to capital which

was limited until now. The Reserve Bank of India should study their financial position of such banks who want to approach the market. This will be an additional burden on the Reserve Bank of India. But anyhow, RBI control is very much necessary. In my opinion, only those cooperative banks, which are financially sound and well managed for the next five years, should be allowed to approach the RBI for getting permission to enter into the market and this Bill may be amended suitably. I think it is advisable to restrict the entry of new cooperative banks and explore the possibility of merger of few big cooperative banks in line with commercial banks. Finally, in view of the Bill, the urban and multi-state cooperative banks being governed by the respective Cooperative Societies Act of the concerned State, will additionally come within the jurisdiction of RBI. This appears to be a parallel or an overlapping jurisdiction and there is no identified dichotomy in their respective jurisdiction.

DR. ALOK KUMAR SUMAN: Today, the provisions of this Act germane to the cooperative banks have become necessary to be implemented strongly in view of the emerging development and changes with the passage of time in the banking sector. My Parliamentary Constituency, Gopalganj is an agrarian district. There are four sugar mills in my Parliamentary Constituency and out of them two are operational and the remaining two are lying closed. If the government provides certain amount from the CSR fund for the closed sugar mills and make arrangements for the production of ethanol, it will generate employment

opportunities for millions of farmers and youths. While concluding with these words, I support the Banking Regulation (Amendment) Bill, 2020.

SHRI PINAKI MISRA: The obvious lacuna in the regulation of the cooperative banks came to the fore with the collapse of the PMC Bank in Maharashtra. The investigations into the PMC scam have shown the grossest financial mismanagement and complete breakdown of internal control mechanisms. The idea for allowing the RBI is to initiate the reconstruction or amalgamation of a bank without an order of moratorium. Therefore, this Ordinance and, now, the current Bill, obviously, seeks to avoid any disruption of the financial system. My Party heartily supports the hon. Finance Minister in her endeavour to clean up the cooperative bank space. We are grateful to the RBI and the Finance Minister, indeed, for the very prompt action that they have taken in the PMC bank case where after so many months the moratorium continues. So, I will, once again, beseech the hon. Finance Minister to take certain proactive steps to ameliorate some of the grievances of the PMC Bank depositors who are in dire straits. Besides, it needs to be clarified by the hon. Finance Minister as to what role the State Governments' Registrar of Cooperative Societies will play once this Bill is passed and whether there will be any overlap in regulation with the RBI as that will create even greater problem.

SHRIMATI SANGEETA AZAD: My party and I support the Bill. Having said that, I would like to highlight a few lacunas in the Bill. This Bill only

tackles regulation of paid up share capital and securities by cooperative banks and do not address the structural problem i.e. cross-holding of deposits. Besides, I would like to suggest that the Government must find some ways to convert the cooperative banks into small finance banks to regulate the institutions and increase its reach to small depositors in the rural and semi-rural areas.

SHRI KOTHA PRABHAKAR REDDY: Providing more powers to the RBI for regulating cooperative banks is a welcome step in the backdrop of scams coming to light in the recent past. With this move, I am sure the affairs of the cooperative banks shall be managed to protect the interests of the depositors and thus strengthen the national economy as well. A major problem which cooperative banks are constantly faced with, is of overdue loans which restrict the recycling of funds and hugely impact lending and borrowing capacity. It is better if RBI can supersede to give consolations. There is a need to bring in professionalism and improve excess imbalances as well as capital governance to ensure sound banking through the Reserve Bank of India.

SHRI BENNY BEHANAN: I oppose this Bill as it is against the depositors and will potentially destroy the rural credit system. The provisions of the Bill show the Government's interference against democracy and violate the cooperative principles. Section 3 of the Bill is detrimental to the interests of all primary cooperative banks of Kerala State. Cooperative banks are the backbone of the rural economy of Kerala. The entire rural public and farming community is

benefitted by the service of these banks. Through the proposed amendment, they cannot use the name bank, banker or banking. Even the issue of moratorium used to be dealt with by the State Government which is going to be usurped by the power-that-be at the Center. The fact of the matter is that even after repeated requests of the Apex Court, the Central Government has not informed its opinion regarding the payment of interest and compound interest or the deferred amount moratorium scheme declared during pandemic. Clearly, this Bill is violative of cooperative principles and the view of the International Cooperative Alliance. Therefore, I request the hon. Minister to withdraw the Bill.

SHRI TEJASVI SURYA: I support this Bill. There is no dispute over the fact that cooperative banks are in a precarious state. It is attributable to unprofessional management and non-compliance of modern banking practices. Given that, monumental reforms have, for long, been called for as cooperative banks since their inception have had not been made accountable to the Reserve Bank of India. The argument that it is beyond the legislative competence of Parliament to make laws for the regulation of cooperative banks does not hold water. There has been a slew of Supreme Court judgments wherein a clear distinction has been made between a cooperative bank and cooperative society based on the Constitutional provisions. It is to be noted that incorporation powers shall continue to be with the State Registrars. Cooperative banks are strictly not cooperative in nature as they mobilize funds not only from among their members

but also from the general public. This is not the case with other cooperative societies. The biggest problem before the cooperative banks and their administration was the problem of dual control. Even the Madhava Rao Committee in 1999 had recommended that the BR Act must be amended. Banking is a very sensitive issue. This is a space which cannot be let to have any statutory vacuum. Even ancient civilizational India was aware of this necessity and had framed appropriate rules in the *dharma shastras*. These reforms will not only strengthen the cooperative banks across the country but will also revive the confidence of the small depositors and the micro business owners. It is a move to protect the interest of the most vulnerable sections of society and will help the States achieve Mahatma Gandhi's goal of empowering the weakest of the weak and the poorest of the poor.

***SHRI SUNIL DATTATRAY TATKARE:**

SHRIMATI NUSRAT JAHAN: We are clearly opposing the Bill. The provisions of the Bill will go against the tenets of cooperative movement and cooperative societies. It is a corporate concept where ownership is determined by the number of shares held. Therefore, it takes away the rights of the State Government. Section 12 (2) (i) states that: "No person shall be entitled to demand payment towards surrender of shares issued to him by a cooperative bank." Our views on this is that the privileges of the members may be compromised. Now

* Please see Supplement

cooperative banks may be converted into joint stock companies. This would make them lose their cooperative character.

SHRI JAYADEV GALLA: The Bill aims to improve cooperative bank's management and regulation, better governance and sound banking practices so as to protect the interests of the depositors. So, I welcome this Bill. The cooperative banking system in our country was set up on a cooperative basis and belongs to its members. I did not find any cap in this Bill. So, I would like to know from the hon. Minister, how is she going to implement norm in the cooperative banks, who will monitor this? The cooperative banks are still at the beginning of the cooperative movement. They are not following the modern practices of banking and lagging behind in adopting advanced and new technology in the banking sector. I support this Bill.

ADV. A. M. ARIFF: I register my strong protest in the decision of the Government to bring cooperative bank under the Banking Regulation (Amendment) Bill, 2020. It is highly objectionable that the Bill, which would be debated in Parliament, was hastily enacted into law. What was the urgency to bypass the legislative power of this Parliament? This amendment will only lead to unnecessary restrictions on the availability of credit facilities to the common people. By the destruction of the cooperative sector, people will be thrown into the hands of mafia. So, I request the hon. Finance Minister to withdraw the Banking Regulation (Amendment) Bill or otherwise send it to Select Committee.

SHRI SAPTAGIRI SANKAR ULAKA: The main aim of the proposed Bill is to increase professionalism and improve governance among the cooperative banks. The PMC Bank failure is not a typical banking failure but a fraud committed by the PMC management. This is purely because of lack of supervision of the RBI. In this case, there are about 63 persons who succumbed to death, including 3 suicide cases. The Government should be accountable for the deaths. There is no justification to make the RBI the regulator of district cooperative banks and urban cooperative banks. There will be more centralisation. We should strive for decentralisation empowering the States. The role of the State Governments is undermined. The disbursement of social welfare schemes to cooperatives might be disrupted. It is very unfortunate. I would appeal to the Government to withdraw the Bill or send it to Select Committee.

SUSHRI SUNITA DUGGAL: The Bill seeks to replace the Banking Regulation (Amendment) Ordinance, 2020. It seeks to protect the interests of depositors by amending Sections 3, 45 and 56 of the Act. A cooperative bank cannot withdraw or reduce its share capital, except as directed by the RBI. The Bill states that the RBI may exempt cooperative banks from certain provisions of the Act through notification. These provisions are related to employment, the qualification of the Board of Directors, and the appointment of a Chairman. RBI will decide who will get relaxation in employment. More than 9 lakh depositors are in deep difficulty in PMC, as everybody knows. I just want to add that in fact these

figures do not reveal the true picture. This situation is very scary as poor farmers, workers monies put at high risk. Therefore, the amendment is urgently required in this regard.

SHRI ASADUDDIN OWAISI: The Bill says a lot about the internal controls in the State-run banks What is the Government doing? Their hollow claim has been badly exposed by the RBI report itself. When it came to Yes Bank, the SBI immediately infused funds into Yes Bank. Why is this stepmotherly treatment there for PMC? In this case, sixty people have committed suicide. The Bill talks about issue of equity preference shares by way of public issue and private placement. Are you trying to say that now SEBI will interfere in it? Since demontization, the finacial industry slowly and steadily started collapsing and showing how regulation by RBI, SEBI and NABARD is completely absent. The banks are now suffering. I feel one of the reasons is this unplanned Tughlaq- like decision of demonetization. The Government has this habit of weakening the federalism and encroaching upon the State List. Why do you want to weaken the federalism of this country which is the basic structure of the Constitution?

SHRI K. NAVASKANI : The constitution excludes cooperative societies from the jurisdiction of the Centre. It is important to ensure that the supervisory role of the Central Bank is enhanced and kept uncompromised. Stress must be laid on proper implementation of the said provisions.

SHRI N.K. PREMACHANDRAN: The Bill is encroaching into the powers of the State Government in general and the cooperative sector in particular. I would like to know from the hon. Minister whether the State Governments were taken into confidence before making this legislation. My suggestion is that the cooperative sector of banking and the cooperative sector of financing should be promoted and encouraged. The amendment to Section 3 of the Banking Regulation Act of 1949 will create a big problem for the banks. That has to be reviewed. How can the Reserve Bank of India have the administrative control over all these primary cooperative societies? So, my suggestion is that kindly send this Bill to the Parliamentary Standing Committee.

SHRI P. RAVEENDRANATH KUMAR: I welcome this Amendment Bill. I would request the hon. Finance Minister to clarify as to what are the measure taken by the Government to protect and build the spirit and principles of cooperation among the Cooperatives. I would request the hon. Finance Minister to ensure that all the steps mentioned in this Amendment Bill are implemented as quickly as possible without affecting the sovereignty of the State Government of Tamil Nadu.

SHRIMATI NAVNEET RAVI RANA: After the passing of this Bill, all the Cooperative Banks will come under the supervision of the RBI and it will put an end to their arbitrariness in the states and the districts. It will also facilitate loans

to the farmers and poor people. I would like to request the hon. Minister of Finance to put moratorium on loan EMIs for six months or an year.

SHRI THOMAS CHAZHIKADAN: This Bill proposes that the cooperative societies should not use the term 'bank', 'banker' and 'banking' without a permission from the RBI. This move will destroy the well-established cooperative banking network in the State of Kerala. My suggestion is that the opinion given by the State Government on the consultation with RBI, as proposed in the Bill, should be made binding.

SHRI GAUTHAM SIGAMANI PON: This amendment Bill will curb the powers of the States. RBI, as a regulator, is struggling with large scale financial irregularities, involving private banks, and has not proved its effectiveness in any way. Finally, the regulatory mechanism proposed by the Bill will put end to the cooperative banks which fund financial credit to the farmers.

DR. K. JAYAKUMAR: Presently, the Cooperative Banks are under the State Governments. This Government is bent upon divesting powers from the State Governments. I don't believe that this Bill will introduce better management and proper regulation in Cooperative Banks.

SHRIMATI SUPRIYA SADANAND SULE: My first question to the hon. Finance Minister is that whether this Ordinance has helped the PMC people in the last three months? In how many months every depositor of the PMC Bank will get his money back? How and by when the Government is going to infuse Rs. 6,500

crore? What is the position of this Government under this law for selling the properties so that the depositors get their money back? The Reserve Bank of India does not have any magic band for all the problems.

SHRI RAHUL RAMESH SHEWALE: RBI has not been able to find a solution to the PMC bank scam even after lapse of one year. The PMC bank fulfilled all the conditions of merger, therefore, it should be merged with a nationalized bank to give relief to the depositors. The depositors of the PMC bank had to face a lot of difficulties during the last six months due to countrywide lockdown. As per the statement of the industry of Maharashtra, 65 per cent MSMEs of the State are not covered under the revival package of the Central Government. Therefore, the people of Maharashtra are not going to get any benefit of the *Atamnirbhar Bharat Yojana*.

SHRI MANOJ KOTAK: I support this Bill because it protects the interest of small investors. The number of suicides is highest in Mumbai and the people of my Constituency are worst affected. Amendments have been made in Sections 3, 45 and 56 through this Bill to make provisions applicable, which were so far applicable to banks and commercial banks, to the cooperative banks also. They will provide powers to regulators and if any scam takes place in future then the account holders will get their money back without waiting for the moratorium period. The Directors who have been responsible for turning the cooperative banks into losses, this Bill will rein in such Directors too.

SHRI BHAGWANT MANN: Rights of the State are being snatched away successively and this Bill is also a step in that direction. The GDP of the country is negative today but agriculture is the only sector where GDP is positive which is also being brought down with the help of agriculture related bills. The Banks which have gone bankrupt were also under the RBI. People have still not recovered from the losses incurred due to the demonetization. People have lost their trust on the Banks.

SHRI GIRISH BHALCHANDRA BAPAT: There is a Rupee Bank in Pune this Bank was started by Shri Lokmanya Tilak ji by taking one Rupee from people. Today it has 5 lakh depositors. Proposal for its amalgamation and various other matters are pending even today. This soul of this Bill lies in providing protection to the depositors. I support this Bill.

SHRI M.K. RAGHAVAN: I strongly object the provisions of this Bill as they neglect the historical contributions made by the cooperative sector to Indian banking. This Bill is against the spirit of cooperative federalism and Article 43B of the Constitution of India. Not only that, this Bill does grave injustice to many primary agricultural cooperative societies and credit societies by asking them to drop 'bank' from their name. Transformation of rural areas of my State Kerala largely happened due to the large contributions of cooperative banks. Section 12 of this Bill is highly controversial. These cooperative banks form the capital base

for our micro and medium scale industries. Therefore, I request the Government to withdraw the Bill and send the Bill to the Standing Committee.

SHRI ADHIR RANJAN CHOWDHURY: There is a hidden agenda behind bringing this legislation, which is to convert the cooperative banks into private sector banks. By allowing the RBI to have a greater role, the disbursement of social welfare schemes through cooperatives might be disrupted. Multiple regulatory factors will bog down the functioning of the cooperative mechanism. In the PMC bank case, a lot of illegal lending still took place, which was unobserved by the RBI. So, commercial activities must be closely monitored at a grass-root level with equal interest from the RBI. Various flaws have been observed in this legislation. So, I would urge upon the hon. Minister to withdraw this kind of a legislation.

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SNEHLATA SHRIVASTAVA
Secretary General

**Supplement covering rest of the proceedings is being issued separately.

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NOTE: It is the verbatim Debate of the Lok Sabha and not the Synopsis that should be considered authoritative.

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