

ಕರ್ನಾಟಕ ವಿಧಾನ ಸಭೆ, ಸಂಶೋಧನಾ ಹಾಗೂ ಉಲ್ಲೇಖನಾ ಶಾಖೆ  
KARNATAKA LEGISLATIVE ASSEMBLY, RESEARCH AND REFERENCE BRANCH

ಪತ್ರಿಕಾ ತುಣುಕುಗಳು  
PAPER CLIPPINGS

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ಇಲಾಖೆ / ವಿಷಯ : DEPARTMENT / SUBJECT:

Parliament

ಪತ್ರಿಕೆಯ ಹೆಸರು : NAME OF THE NEWS PAPER:

Deccan Herald

ದಿನಾಂಕ : DATE : 17/9/20

## Lok Sabha passes bill to regulate cooperative banks

NEW DELHI, DHNS: The Lok Sabha on Wednesday passed the Banking Regulation (Amendment) Bill 2020 with Finance Minister Nirmala Sitharaman saying the de-licencing and liquidation of 430 cooperative banks in the last 20 years has necessitated that these lenders be regulated on the lines of other commercial banks.

"In the last two decades 430 cooperative banks have been delicensed and gone into liquidation. Contrary to that, not a single commercial bank, whose depositors are protected by banking laws, has faced liquidation," Sitharaman said replying to the bill in the lower house.

The bill seeks to bring cooperative banks under the supervision of RBI.

The minister said amendments to the banking regulation law seeking to extend the supervision of RBI to cooperative banks are aimed at improving

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their governance and protecting depositors' money.

She said the government was compelled to come out with an ordinance during the lockdown period as the condition of the cooperative banks was "grave". Gross non-performing assets (NPAs) of cooperative banks increased from 7.27% in March 2019, to over 10% by March 2020, she said, adding as many as 277 urban cooperative banks have reported losses in 2018-19 fiscal.

"We don't undermine the role the cooperatives have performed in the rural areas. Therefore, we are not doing anything to touch state cooperatives, we are not doing anything to primary agricultural credit societies, we are not doing anything to touch cooperative societies whose primary object and business is providing long-term finance for agricultural development," she said.