

# Lok Sabha passes Banking Laws Amendment Bill

Finance Minister says proposed amendments will strengthen governance and enhance customer convenience; Opposition criticises government over inflation being higher than economic growth

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THE HINDU BUREAU



Union Finance Minister Nirmala Sitharaman speaks in the Lok Sabha during the Winter session of Parliament, in New Delhi, Tuesday, Dec. 3, 2024. | Photo Credit: PTI

The Lok Sabha on Tuesday (December 3, 2024) passed the Banking Laws (Amendment) Bill, 2024, the first Bill of the Winter Session after the week-long logjam ended.

The Bill, piloted by Finance Minister Nirmala Sitharaman, was approved by a voice vote.

The Bill allows bank account holders to have up to four nominees in their accounts and also proposes changes related to redefining “substantial interest” for directorships, which

could increase to ₹2 crore instead of the current limit of ₹5 lakh.

It proposes to increase the tenure of directors (excluding the chairman and whole-time director) in cooperative banks from eight years to 10 years, so as to align with the Constitution (Ninety-Seventh Amendment) Act, 2011.

Once passed, the Bill would allow a director of a Central Cooperative Bank to serve on the board of a State Cooperative Bank. The Bill also seeks to give greater freedom to banks in deciding the remuneration to be paid to statutory auditors.

It also seeks to redefine the reporting dates for banks for regulatory compliance to the 15th and last day of every month instead of the second and fourth Fridays.

“The proposed amendments will strengthen governance in the banking sector and enhance customer convenience with respect to nomination and protection of investors,” Ms. Sitharaman said while moving the Bill for consideration and passing.

Depositors will have the option of successive or simultaneous nomination facility, while locker holders will have only successive nomination. “The intention is to keep our banks safe, stable, healthy, and after 10 years you are seeing the outcome,” Ms. Sitharaman said.

Participating in the debate earlier, the Opposition parties criticised the Bill.

Gaurav Gogoi, deputy leader of the Congress in the Lok Sabha, questioned the rising imports from China at a time when relations between the two countries were strained. He also questioned the government over demonetisation and electoral bonds.

Rani Srikumar of the Dravida Munnetra Kazhagam questioned the fees for basic banking services like ATM withdrawals and SMS alerts and expressed concern over the vulnerability of senior citizens to cyber fraud.

Nationalist Congress Party (Sharadchandra Pawar) leader Supriya Sule proposed a stricter approach to tackling financial fraud and suggested that perpetrators should compensate victims before serving prison sentences.

Congress MP Karti Chidambaram said the Indian rupee against the US dollar today was at ₹84.73, and the growth rate in quarter two of FY25 was 5.4%, the lowest in seven quarters, while the inflation was 6.21%. “Whenever inflation is greater than economic

growth, it will lead to stagflation. In this backdrop, this government has brought about the Banking Laws Amendment Bill,” he said.

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