

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:391  
ANSWERED ON:11.07.2014  
IMPACT OF BANKING LAWS ON COOPERATIVE SOCIETIES  
Antony Shri Anto

**Will the Minister of FINANCE be pleased to state:**

- (a) Whether the Government has noticed of certain provisions in the Banking Laws (Amendment) Act, 2012 which have adverse impact on the cooperative societies in the country including Kerala:
- (b) If so, the details thereof;
- (c) Whether the Government has received any complaint/representation in this regard; and
- (d) If so, the details thereof and the response of the Government thereto?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) and (b) : Pursuant to the Banking Laws (Amendment) Act, 2012 which has vested powers with Reserve Bank of India (RBI) to specify the percentage of Cash Reserve Ratio (CRR) for Non-scheduled State cooperative banks (SCBs) and all Central cooperative banks (CCBs) and the percentage of Statutory Liquidity Ratio (SLR) as well as the form and manner of holding SLR by cooperative banks, RBI has issued a circular dated June 5, 2014 advising increase in Cash Reserve Ratio (CRR) from 3% to 4% for non-scheduled SCBs and CCBs and reduction in SLR from 25% to 22.5% with effect from July 12, 2014. Further, CCBs which are currently permitted to maintain SLR assets in the form of fixed / term deposits with SCBs will be required to maintain SLR assets in the form of only unencumbered investments in approved securities, from April 1, 2015.

(c) and (d): RBI has received representations from Gujarat, Madhya Pradesh, Kerala and Maharashtra SCBs requesting phased implementation of the revised procedure for maintenance of SLR assets over 3-5 years. The requests are under examination of RBI.