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Title: Need to grant exemption to the Primary Agricultural Credit Societies in Kerala from the provisions of Section 18, 22 and 24 of the Banking Regulation Act.

SHRI K. P. DHANAPALAN (CHALAKUDY): There is a three-tier credit structure prevailing now in Kerala with Kerala State Co-operative Bank the Apex bank with 20 branches, 14 District Co-operative banks with 668 branches and 1600 Primary Agricultural Credit Societies (PACS) with 3000 branches. The three tier structure in Kerala is having a deposit base of around Rs. 1 lakh crores and nearly Rs, 72000/~crores loans outstanding at present. The PACS in Kerala play a vital role in mobilising the rural resources by accepting all types of deposits and provide all types of banking services. Similarly, any sort of reform in the co-operative sector has far reaching effect on the co-operative structure of the State. The provisions of the Banking Laws (Amendment) Act, 2012 recently passed by the Parliament prohibit the freedom given to Primary Co-Operative Credit Societies to operate as banks without a licence from RBI. In the circumstances it is requested that while making rules, a few suggestions may be considered and special privileges may be given to Kerala. First, in the case of PACS, the licensing criteria may be relaxed and simplified to an affordable level.

Secondly, the Societies which are accepting deposits from members and the transactions are restricted to members only may be exempted from the provisions of Section 22 of the Banking Regulation Act.

Thirdly, as per provisions contained in section 18 and 24 of the Banking Regulation Act, related to the maintenance of Cash Reserve Ratio and Statutory Liquidity Ratio requirements for cooperatives, the rates may be fixed to an affordable and reasonable level. Hence I request to grant exemption to the PACS of Kerala from the provisions of section 18, Section 22 and Section 24 of the Banking Regulation Act as applicable to Co-Operative Societies invoking the powers conferred under section 53 of the Banking Regulation Act.