

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION
LOK SABHA
UNSTARRED QUESTION NO 2116
TO BE ANSWERED ON 15TH MARCH, 2022

USE OF TERM “BANK” BY COOPERATIVE SOCIETIES

2116: ADV. A.M. ARIFF

Will the Minister of COOPERATION सहकारिता मंत्री be pleased to state:

- (a) whether the Government is aware that Cooperation is included in the State List in 7th Schedule of the Constitution and that the Supreme Court has categorically ruled that the cooperative assemblies come under the legislative power of the State Assemblies;
- (b) if so, whether the Government agrees that the public notice issued by the Reserve Bank of India (RBI) prohibiting the co-operative credit societies in the country including in the State of Kerala from using the term bank in their name and accepting deposits is an intrusion on the legislative power of the State legislatures and against the spirit of federalism; and
- (c) if so, whether the Government will give direction to the RBI to withdraw already issued guidelines and circulars and also restrain from issuing fresh guidelines in future curtailing the legislative power of the States on matters related to cooperative sector, if not, the reasons therefor?

ANSWER

MINISTER OF COOPERATION

सहकारिता मंत्री (SHRI AMIT SHAH)

(a) Yes Sir.

(b) & (c) Banking is included in the Union List of the 7th Schedule of the Constitution of India. Therefore, RBI had issued a Press Release on cautioning members of public against some co-operative societies using the word “Bank” in their names and accepting deposits from non-members/nominal members/associate members, which is tantamount to conducting banking business in violation of provisions of the Banking Regulation Act, 1949 (BR Act, 1949).

The purpose of the caution notice is to stop the violation of the statute and the same has been issued in public interest.
