

Banking Laws Amendment Bill

Posted at: 05/12/2024

Banking Laws Amendment Bill

Context:

The **Lok Sabha** passed the **Banking Laws (Amendment) Bill, 2024**, following a week-long deadlock in the **Winter Session**. Introduced by **Finance Minister Nirmala Sitharaman**, the Bill aims to amend key banking laws to modernize operations and regulations, impacting Acts like the **Reserve Bank of India (RBI) Act, 1934**, **Banking Regulation Act, 1949**, and others.

Key Amendments of the Banking Laws (Amendment) Bill, 2024:

1. Redefinition of "Fortnight" for Cash Reserves:

- New definition: **1st to 15th** and **16th to last day** of the month.
- Affects how **banks** maintain **cash reserves** with the **RBI**.

2. Tenure of Directors in Co-operative Banks:

- **Directors' tenure** extended to **10 years** (from 8 years).

3. Exemption for Common Directors:

- Directors of **central co-operative banks** can also serve on **state co-operative bank** boards.

4. Threshold for Substantial Interest:

- Increased from **₹5 lakh** to **₹2 crore** for **substantial interest** in a company.

5. Nomination Rules for Deposits and Lockers:

- Up to **four nominees** allowed. Nomination for **lockers** can be **successive**.

6. Settlement of Unclaimed Amounts:

- Expands scope to include **unclaimed shares** and **unpaid bond interest** for **seven years**.

7. Auditor Remuneration:

- **Banks** can now set their **auditor fees** independently.
-

Key Takeaways:

The **Banking Laws (Amendment) Bill, 2024** introduces important changes aimed at enhancing **governance, efficiency, and customer protection** in the banking sector. Key highlights include:

- **Simplified regulations** for **cash reserves** and **director tenure**.
- **Flexibility in nominations** and provisions for **unclaimed funds**.
- **Empowerment of banks** to set **auditor fees**.



AKKA IAS ACADEMY
www.akkaids.com