

Banking Laws (Amendment) act, 2024

Prelims - Current events of national and international importance.

Mains - GS III (Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment | Government Budgeting)

Why in news?

Recently, Parliament passed the Banking Laws (Amendment) Bill, 2024.

- The Banking Laws (Amendment) Bill, 2024 was introduced in Lok Sabha on August 9, 2024.
- The bill was passed in Rajya sabha on March 26, 2025.
- It amends five acts including:
 1. Reserve Bank of India (RBI) Act, 1934.
 2. Banking Regulation Act, 1949.
 3. State Bank of India Act, 1955.
 4. Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
 5. Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

Key features of the act:

- **Definition of Fortnight for Cash Reserves** - Currently, banks maintain cash reserves based on a 14-day period (Saturday to the second Friday).
- The Bill changes the definition of fortnight to 1st day to 15th day of each month or 16th day to the last day of each month.
- **Tenure of Directors in Co-operative Banks** - Directors (except chairman/whole-time director) can serve 10 years instead of 8 years.
- **Common Directors in Co-operative Banks** - Directors of central co-operative banks can also serve on the board of state co-operative banks.
- **Change Substantial Interest in a Company** - Substantial interest in a company refers to holding shares of over five lakh rupees or 10% of the paid-up capital of the company, whichever is less.
- This may be held by an individual, his spouse, or minor child, either individually or collectively.
 - **New rule** - The threshold in the substantial interest in a company has been increased from five lakh rupees to 2 crore rupees.
- **Nomination Rules** - The Current Rule allows single nominee for bank deposits/lockers.
- The Amendment allows up to 4 nominees successive/simultaneous).
- Nominations can be simultaneous (divided in a set proportion) or successive (priority-based).

- **Unclaimed Amounts & Investor Education Fund** - Money unclaimed for **7 years** will be transferred to the *Investor Education and Protection Fund (IEPF)*.
- **Remuneration of Bank Auditors** - Instead of RBI fixing auditor salaries, *banks* will now decide their *auditors' remuneration*.

References

1. [The Business Standard | Banking Laws \(Amendment\) act, 2024](#)
2. [PRS India | Banking Laws \(Amendment\) Bill, 2024](#)

