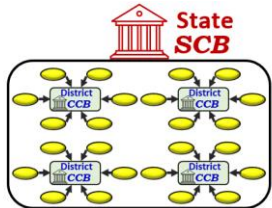




All-Inclusive Current Affairs for Prelims 2023

Economy Class-14

Cooperative Banks

Cooperative Banks		
for Urban areas	for Rural areas	
Urban Cooperative Banks (UCBs) aka Primary Cooperative Banks (PCBs) (~1600, most of them are Unscheduled)	for Short-term loan	for Long-term loan
	3-tier structure: <ul style="list-style-type: none"> SCB (~34) CCB (~351) PACS (~97k) 	2-tier structure: <ul style="list-style-type: none"> SCARDB (~20) PCARDB (~600)

	State Level	State Cooperative Banks (StCBs)	<ul style="list-style-type: none"> Regulated by RBI. Registered under that State's Cooperative Societies Act
	District Level	Central Cooperative Banks (CCBs)	<ul style="list-style-type: none"> Powers have been delegated to NABARD under BR Act to conduct inspection.
	Village Level	Primary Agricultural Credit Societies (PACS)	PACS are outside the purview of the Banking Regulation Act, 1949 and hence not regulated by RBI

SCB gives loan to CCB. CCB gives loan to PACS. All 3 give direct loan to people.

Duality of Control (Urban: UCB ; Rural: SCB & CCB) Note:

- ❖ **RBI** regulates banking functions
 - ❖ **State/Centre** regulates management functions.
- In 1966, BR Act 1949 was made applicable to coop societies. Since then, this duality of control has been in existence.

Prelims 2020 Consider the following statements:

- In terms of short-term credit delivery to the agriculture sector, District Central Cooperative Banks (**DCCBs**) deliver more credit in comparison to Scheduled Commercial Banks and Regional Rural Banks.
 - One of the most important functions of DCCBs is to provide funds to the Primary Agricultural Credit Societies.
- Which of the statements given above is/are correct?

(a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2

Ministry of Cooperation

Cooperative societies operational in the agricultural sector

Posted On: 15 MAR 2023 5:14PM by PIB Delhi

There are 1,00,428 Primary Agricultural Credit Societies (PACS)- Large Area Multi-Purpose Societies (LAMPS)-Farmers Services Societies (FSS) and 619 State Cooperative Agriculture and Rural Development Banks (SCARDB) and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) in the agriculture sector.

Land Development Banks:

- SCARDBs and PCARDBs
- For long term loan in rural areas
- They don't take deposits from public
- They issue debentures which are subscribed by NABARD, govt, etc.
- First LDB was established in 1920 in Jhang in Punjab
- They were initially called as Land Mortgage Banks

LAMPS : Large Area Multi-Purpose Societies

FSS : Farmers Services Societies

SCARDB : State Cooperative Agri & Rural Development Banks

PCARDB : Primary Cooperative Agri & Rural Development Banks

I read I forget, I see I remember

See explanation of this PDF on  www.youtube.com/c/allinclusiveias

Prelims 1999 The farmers are provided credit from a number of sources for their short-and long-term needs. The main sources of credit to the farmers include:

- the Primary Agricultural Cooperative Societies, Commercial Banks, RRBs and private money-lenders
- the NABARD, RBI, Commercial Banks and private money-lenders
- the District Central Cooperative Banks (DCCB), the Lead Banks, IRDP and JRY
- the Large Scale Multi-purpose Adivasis Programme, DCCB, IFFCO and Commercial Banks

1969	Bank Nationalization
1969	Lead Bank Scheme
1974	Priority Sector Lending
1975	RRB
1980	Bank Nationalization
1982	NABARD
1992	SHG-Bank Linkage program
1998	Kisan Credit Card
2006	Interest subvention Scheme
2006	Joint Liability Groups
2006	Banking correspondent
2013	Direct Benefit Transfer
2014	PM Jan Dhan Yojana

Agri credit

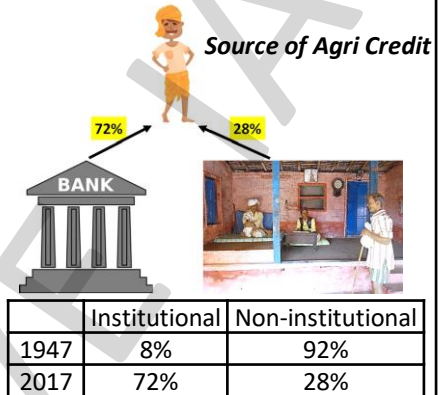
Prelims 2013

Which of the following grants direct credit assistance to rural household?

- Regional Rural Banks
- NABARD
- Land Development Banks

Select the correct answer

- (a) 1 and 2 only (b) 2 only
(c) 1 and 3 only (d) 1, 2 and 3



UP-PCS (Pre) 2020

Consider the following events and arrange them in chronological order :

- Establishment of NABARD
- Self Help Group Bank Linkage Programme
- Kisan Credit Card Plan
- Establishment of Regional Rural Bank

Select the correct answer

- (a) 4, 1, 2, 3** (b) 4, 2, 3, 1 (c) 1, 2, 3, 4 (d) 4, 3, 2, 1

Kisan Credit Card

Prelims 2020

Under the **Kisan Credit Card** scheme, short-term credit support is given to farmers for which of the following purposes?

- Working capital for maintenance of farm assets
- Purchase of combine harvesters, tractors and mini trucks
- Consumption requirements of farm households
- Post-harvest expenses
- Construction of family house and setting up of village cold storage facility

Select the correct answer using the code given below:

- (a) 1, 2 and 5 only **(b) 1, 3 and 4 only** (c) 2, 3, 4 and 5 only (d) 1, 2, 3, 4 and 5

The Economic Times
<https://economictimes.indiatimes.com> > ...

Kisan credit cards to double up as debit cards

09-Jan-2012 — The nearly 10 crore farmers who hold kisan credit cards (KCC) will soon be able to use their card as a deposit account and a debit card.

| Department of Fisheries, GoI
<https://dof.gov.in> > related-links > fi...

Fisheries KCC

The Government of India, in the year 2018-19, extended KCC facility to fisheries and animal husbandry farmers to help them to meet their workin...

Designed by **NABARD** on recommendations of R. V. Gupta Committee

1998: launched to help farmers purchase **seeds, fertilizers, pesticides** etc.

2004: extended for **investment** requirement in allied and non-farm activities

2012: ATM enabled **RuPay** debit card for KCC holders

2019: extended for **fisheries** and animal husbandry farmers

Implemented by

Commercial Banks,
RRBs, SFBs, Cooperatives

Purpose

- Short-term credit: cultivate, harvest, market, household, farm assets
- Long-term credit: investment in agriculture and allied activities

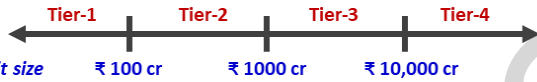
Eligibility

- Farmers - individual/joint borrowers who are owner cultivators
- Tenant farmers, oral lessees & share croppers
- SHGs or Joint Liability Groups of farmers including tenant farmers, share croppers etc.

I read I forget, I see I remember | See explanation of this PDF on **YouTube** www.youtube.com/c/allinclusiveias

UCB

Also see: 2022 Economy class-4 pg-23, Hindi 38:04, English 41:15



Business Standard

RBI announces 4-tier regulatory framework for urban cooperative banks

3 min read Last Updated : Dec 01 2022 | 9:52 PM IST

RBI has introduced four-tier regulatory framework for UCBs:

- On recommendation of [NS Vishwanathan committee](#)
- CRAR: **9%** for Tier-1, **12%** for Tier-2,3,4
- Automatic route for branch expansion for UCBs which meet [Financially Sound and Well Managed \(FSWM\)](#) criteria

MoU for UCBs (signed between 2005 and 2014)

- For coordination with Registrar of Coop Societies, RBI signed MoU with Centre and all State govts
- As part of MoU, RBI sets up Task Force for Co-operative Urban Banks (**TAFUCB**)
- TAFUCBs bring all decision-makers on one table, for quick decision-making.
- TAFUCBs identify non-viable UCBs, suggests revival path and exit route for non-viable ones.

Ministry of Company Affairs

Central Government amends Nidhi Rules, 2014 to safeguard the interest of general public

Posted On: 20 APR 2022 12:17PM by PIB Delhi

Nidhi company

Mutual Benefit Society

- It must get itself [declared as a Nidhi from Centre](#) before accepting deposits.
- If govt does not act on application within **45 days**, then approval would be deemed as granted.

- It is a type of NBFC. But it [does not need license](#) from RBI (mentioned on page-25)
- Its core business is [borrowing and lending](#) money between its members.
- It is formed to develop [savings habit](#) among its members
- It cannot deal with anyone except its members

Regulated by?

Ministry of Company Affairs under Companies Act 2013

Remember:

FDI is not allowed in Nidhi companies

(not important for Prelims)

To be declared as Nidhi by Central govt:

- It must have share capital of Rs 10 lakh
- It must be a public company incorporated as a Nidhi
- Within 120 days of incorporation, it must have:
 - Minimum membership of 200
 - Net Owned Fund (NOF) of Rs. 20 lakh

Sabanayagam Committee

2000 was related to? Nidhi companies

THE HINDU

Government recasts Banks Board Bureau into FSIB

Guidelines for selection of general managers and directors of public sector general insurance companies have been made part of FSIB, sources said

July 01, 2022 10:50 pm | Updated 10:50 pm IST - New Delhi

FSIB (BBB)

Financial Services Institutions Bureau

Background (not important for Prelims)

- A General Manager at National Insurance Company challenged the appointment of a person junior to him for Director's position by BBB
- Delhi HC ruled that BBB is not the competent authority for selections to insurance companies.
- So Centre dissolved BBB, and created FSIB. But practically it was just a name change.

Banks Board Bureau class-4 pg-21

- It is a statutory body? No!
- Est. in **2016** on recommendation of RBI appointed [PJ Nayak Committee](#)
- To select and [appointment](#) Board members for various FIs in public sector (Banks, insurance co, AIFIs, etc)
- Recommend measures to improve [governance](#) in these institutions.
- Assist in capital raising, deal with bad loans, etc.

Prelims 2022

With reference to the 'Banks Board Bureau (BBB)', which of the following statements are correct?

- The Governor of RBI is the Chairman of BBB.
- BBB recommends for the selection of heads of Public Sector Banks.
- BBB helps the Public Sector Banks in developing strategies and capital raising plans.

Select the correct answer

- (a) 1 and 2 only (b) 2 and 3 only
(c) 1 and 3 only (d) 1, 2 and 3

I read I forget, I see I remember

See explanation of this PDF on [YouTube](#) www.youtube.com/c/allinclusiveias



Liquidity in Banking System

The Indian EXPRESS
JOURNALISM OF COURAGE

Banking system liquidity turns surplus on higher deposit growth, govt spending

Written by Hitesh Vyas

Mumbai | March 9, 2023 05:41 IST

NewsGuard



Banks will lend money to RBI

Liquidity in banking System increases due to:

- ✓ more deposits
- ✓ more govt spending
- ✓ Rise in interest rate → more savings & less loans

The Indian EXPRESS
JOURNALISM OF COURAGE

What banking system liquidity going into 'deficit mode' means

Written by Hitesh Vyas, Edited by Explained Desk

New Delhi | Updated: September 24, 2022 12:12 IST



Banks will borrow money from RBI

Liquidity in banking System decreases due to:

- ✓ More loans
- ✓ Advance tax payment (15 June/Sep/Dec/Mar)
- ✓ Fall in interest rate → more loans & less savings

Simply learn:

- ❖ Anything that increases money at banks, increases liquidity in banking system
- ❖ Anything that decreases money at banks, decreases liquidity in banking system

BarBench

DRT matters over ₹100 crore to be dealt with by tribunals at Delhi, Chennai and Mumbai

Published on : 6 Oct, 2022, 9:30 pm · 1 min read

Debt Recovery Tribunal

	Established under	Jurisdiction	Headed by	How many
DRT	Recovery of Debts and Bankruptcy Act (RDB Act), 1993	Original jurisdiction	Presiding Officer	39
DRAT		Appellate jurisdiction	Chairperson	5

SARFAESI	IBC
Only for secured financial creditors	Also for unsecured and non-financial creditors
DRT for both individuals and companies	DRT for individuals; NCLT for companies

