

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4043
ANSWERED ON:03.12.2010
URBAN COOPERATIVE BANKS
Sudhakaran Shri K.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has issued guidelines to cooperative banks/ societies regarding their functioning/ operation in the country;
- (b) if so, the details thereof;
- (c) whether some urban cooperative banks are operating in the country without the approval of RBI;
- (d) if so, the details thereof, as on date; and
- (e) the remedial measures taken/ being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) & (b): The Reserve Bank of India (RBI) has reported that it has been issuing Circulars/Guidelines/Directives from time to time to Urban Co-operative Banks (UCBs) on their banking related matters under the powers conferred on it in the Banking Regulation Act, 1949 (as applicable to Co-operative Societies) and the Reserve Bank of India Act, 1934. Various instructions issued by the RBI to the Urban Co-operative Banks are generally placed on the RBI website (rbi.org.in). For the operational convenience of UCBs, the RBI brings out a compendium of all the circulars in the form of Master Circulars on July 1 every year. The Master Circulars contain instructions on banking aspects, such as: (1) Area of Operation, Branch Licensing Policy, Opening/ Upgradation of Extension Counters, ATMs and Shifting/Splitting/Closure of Offices; (2) Board of Directors; (3) Exposure Norms and Statutory/Other Restrictions on Loans; (4) Customer Service; (5) Finance for Housing Schemes; (6) Frauds-Classification and Reporting; (7) Guarantees, Co-Acceptances & Letters of Credit; (8) Inspection & Audit Systems in Urban Co-operative Banks; (9) Interest Rates on Rupee Deposits; (10) Investments by Urban Co-operative Banks, (11) Maintenance of Deposit Accounts; (12) Maintenance of Statutory Reserves Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR); (13) Management of Advances; (14) Priority Sector Lending; (15) Prudential Norms on Capital Adequacy; (16) Prudential Norms on Income Recognition, Asset Classification, Provisioning & Other Related Matters; (17) Know your Customer Norms/Anti-Money Laundering Standards etc.

(c) to (e): RBI has reported that no Urban Cooperative Banks are working in the country without RBI approval.