

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4729
ANSWERED ON:04.05.2012
QUESTION MALEGAM COMMITTEE REPORT
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

(a) whether the Y.H. Malegam Committee constituted for bringing urban cooperative banks under the ambit of Reserve Bank of India(RBI) has submitted its report; and

(b) If so, the details of the recommendations made by the Committee and the follow-up action taken by the Government thereon?

Answer

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

(a) & (b): The Y H Malegam Committee on licensing of new Urban Co- operative Banks (UCBs) has submitted its report to RBI, Main recommendations of the Committee inter-alia include the following:

There should be Entry point norms for UCBs with adequate capital and geographic spread,

There should be an Organizational structure, which will promote a healthy development of the sector and facilitate supervision and control.

It should be made a condition of the license that every new UCB should have a Board of Management with the constitution as specified and RBI should have the powers for regulation and control as specified;

Every UCB should be audited by a Chartered Accountant to be appointed from a panel maintained by RBI; and

The Board of Management should follow a Code of Corporate Governance as specified by RBI.

UCBs which need services in the nature of management, IT, training and other services can avail of these services from NAFCUB or State Level Federations.

RBI in its monetary policy for 2012-13 has indicated a time frame of June 2012 for issue of fresh guidelines for UCBs.