List of recommendations[1] of "Expert Committee on Urban Co-operative Banks" which have been accepted or accepted with modifications and those under examination.

Regulatory Framework

Sr. No.	Description	Status
1	**<u>Categorization of UCBs</u>:** UCBs may be categorised into following four tiers for regulatory purposes: • Tier 1 - All unit UCBs and salary earner's UCBs (irrespective of deposit size), and all other UCBs having deposits up to Rs.100 crore • Tier 2 - UCBs with deposits more than Rs.100 crore and up to Rs.1000 crore • Tier 3 - UCBs with deposits more than Rs.1000 crore and up to Rs.10,000 crore • Tier 4 - UCBs with deposits more than Rs.10,000 crore. **[Para 6.7.1.1]**	**Accepted.**

Minimum net worth

Sr. No.	Description	Status
2	**<u>Minimum net worth:</u>** i) Tier 1 banks having area of operation within a district should have a minimum capital and reserves (net worth) of Rs.2 crore and other Tier 1 banks should have a minimum capital and reserves (net worth) of Rs.5 crore. ii) A suitable glide path may be provided for achieving the target minimum net worth, provided the banks meet the CRAR requirement. **[Para 6.7.1.2 (i) & (ii)]**	**Accepted with modification.** The minimum net worth of ₹2 crore for Tier 1 UCBs operating in single district and ₹5 crore for all other UCBs (of all tiers) has been stipulated. Those UCBs which do not meet the requirement, will be provided a glide path of five years to achieve the minimum net worth of ₹2 crore or ₹5 crore in a phased manner in such a way that 50% of minimum net worth is achieved in three years and remaining 50% in next two years.

[1] Cross reference: Recommendations under Executive Summary of the report.

Minimum capital to risk weighted assets ratio (CRAR) requirement

<table>
<tr>
<td>3</td>
<td>
<u>Minimum capital to risk weighted assets ratio (CRAR) requirement:</u>

Tier 1 UCBs: The minimum CRAR stipulation for Tier 1 banks may be as under:

<table>
<tr><th>Sr. No.</th><th>Condition</th><th>Minimum required CRAR (%)</th></tr>
<tr><td>1.</td><td>Meets the minimum net worth criteria of Rs.2 crore / Rs.5 crore and is a member of UO</td><td>9.0</td></tr>
<tr><td>2.</td><td>Meets the minimum net worth criteria of Rs.2 crore / Rs.5 crore but is not a member of UO</td><td>11.5</td></tr>
<tr><td>3.</td><td>Does not meet the minimum net worth criteria of Rs.2 crore / Rs.5 crore but is a member of UO</td><td>11.5</td></tr>
<tr><td>4.</td><td>Does not meet the minimum net worth criteria of Rs.2 crore / Rs.5 crore and is also not a member of UO</td><td>14.0</td></tr>
</table>

There may be no differentiated risk weights.

[Para 6.7.1.2 (iii)& (iv)]
</td>
<td rowspan="3">
Accepted with modification.

The minimum CRAR requirement for Tier 1 banks is retained at the present prescription of 9% under current capital adequacy framework based on Basel I.

For Tier 2 to 4 UCBs, it has been decided to revise CRAR under current capital adequacy framework to 12% to strengthen their capital structure.

As per the data reported by the banks as on March 31, 2021, most of these banks have CRAR more than 12% (1274 banks out of 1534)[2]. Further, those banks which do not meet the revised CRAR will be provided with a glide path of three years for achieving the same in a phased manner in such a way that they achieve a CRAR of 10% for the financial year ended March 31, 2024, 11% by March 31, 2025; and 12% by March 31, 2026.
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<td>4</td>
<td>Tier 2 UCBs: Minimum CRAR of 15 per cent on credit risk. The minimum CRAR requirement may be reduced by one per cent point upon the bank becoming a member of the UO.
[Para 6.7.1.3 (i)]</td>
</tr>
<tr>
<td>5</td>
<td>Tier 3 UCBs: Minimum CRAR of 15 per cent as applicable to SFBs (Small Finance Banks).

[Para 6.7.1.4 (i)]</td>
</tr>
</table>

[2] https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications

6	**Tier 4 UCBs:** Minimum CRAR as per Basel III prescriptions as applicable to UNBs (Universal Banks). **[Para 6.7.1.5 (i)]**	

Branch Expansion

7	**<u>Tier 1: Branch Expansion</u>:** Banks meeting the minimum net worth and CRAR criteria may be given general permission to open, during a financial year, branches up to 10 per cent of the number of branches at the end of the previous financial year, subject to a minimum of one branch. The new branch(es) should be opened in an unbanked area within the district of operation of the banks requiring a minimum capital of Rs.2 crore, and in current districts of operation or adjoining districts in case of banks requiring a minimum capital of Rs.5 crore. The branch in the unbanked area should be front loaded wherever the number of branches to be opened by the bank is less than four. The extant regulations with regard to capital headroom should continue. All other regulatory prescriptions may be in line with the present regulatory guidelines for UCBs, as amended from time to time and subject to the other recommendations of this Committee. . **[Para 6.7.1.2 (v) & (vi)]**	**Accepted with modification.** In order to enable UCBs to tap growth opportunities in the sector without delay, it has been decided to introduce automatic route for branch expansion in the area of operation to those UCBs in all Tiers (except Salary Earners' Banks) which meet revised Financially Sound and Well Managed (FSWM) criteria and permit them to open new branches up to 10 per cent of the number of branches at the end of previous financial year subject to minimum of one branch and a maximum of five branches. Apart from the above, the branch expansion through the approval route under the existing framework will also continue. However, the process of granting approvals will be simplified to reduce the time taken for opening new branches.
8	**<u>Tier 2: Branch Expansion:</u>** Banks meeting the CRAR requirements may be allowed to open branches in existing districts or contiguous districts (in the state where the bank has its head office) up to 10 per cent of the existing number of branches (subject to minimum one and maximum five) every year under automatic route with a prescription of opening at least 25 per cent of the branches in unbanked areas, subject to headroom capital availability and reporting to RBI. The branch(es) in the unbanked area should be front loaded wherever the number of branches to be opened by the bank in a year is less than four. All other regulatory prescriptions may be in line with the present regulatory guidelines for UCBs, as	

	amended from time to time, and subject to the other recommendations of this Committee. **[Para 6.7.1.3 (iii) & (iv)]**	
9	**Tier 3: Branch Expansion:** A Tier 3 UCB which meets both the entry point capital and the CRAR requirements applicable to SFBs may, on RBI being satisfied that it meets the financial requirements and has a fit and proper Board and CEO, be allowed to function on the lines of an SFB including branch expansion throughout the country through automatic route, subject to a prescription of opening at least 25 per cent of the branches in unbanked areas and reporting to the RBI. The branch(es) in the unbanked area should be front loaded wherever the number of branches to be opened by the bank is less than four. **[Part of Para 6.7.1.4 (ii) (b)]**	
10	**Tier 4: Branch Expansion:** UCBs which meet both the entry point capital and CRAR requirements applicable to Universal Banks as also the leverage ratio may, on RBI being satisfied that it meets the financial requirements and has a fit and proper Board and CEO, be allowed to function on the lines of a universal bank including freedom for branch expansion (including the obligation to open 25 per cent of the branches in unbanked areas subject to reporting), **[Part of Para 6.7.1.5 (iii)]**	

Priority Sector Lending Targets and composition of small value loans

11	**<u>Tier 1: Relaxation of target dates for achieving Priority Sector Lending (PSL) and small value loans:</u>** As already prescribed for all UCBs by the RBI, 75 per cent of the ANBC/CEOBSE of banks in this tier shall meet PSL criteria and 50 per cent of their credit portfolio should consist of loans of ticket size up to Rs.25 lakh. The time given to these banks till March 31, 2024 to get their loan book in conformity with these stipulations is reasonable. **[Para 6.7.1.2 (vii)]**	**Accepted.** The timelines for achievement of targets and composition of small value loans as prescribed in circular DOR (PCB).BPD.Cir No.10/13.05.000/2019-20 dated March 13, 2020 shall be complied with by all Tier 1 UCBs.
12	**<u>Tier 2: Relaxation of target dates for achieving Priority Sector Lending (PSL) and small value loans:</u>** As already prescribed by RBI for all UCBs, at least 75 per cent of the ANBC/CEOBSE of the UCBs in this tier shall meet the PSL criteria and 50 per cent of their credit portfolio should consist of loans of ticket size up to Rs.25 lakh. The Committee also recommends that the hard timeline for achieving the PSL target be replaced with a stipulation that 95 per cent of the incremental portfolio of these banks should be corresponding to the aforesaid prescriptions till the overall loan book conforms to the stipulated composition. **[Para 6.7.1.3 (v)]**	**Not accepted.** The timelines for achievement of targets and composition of small value loans as prescribed in circular DOR (PCB).BPD.Cir No.10/13.05.000/2019-20 dated March 13, 2020 shall be complied with as a glide path of four years has been already provided.
13	**<u>Tier 3: Relaxation of target dates for achieving Priority Sector Lending (PSL) and small value loans:</u>** The loan portfolio of all UCBs in Tier 3 shall conform to the stipulations made for SFBs as per instructions already in place. As in case of banks in Tier 2, the Committee recommends that the hard timeline be replaced with a stipulation that 95 per cent of the incremental portfolio of these banks should be corresponding to the aforesaid prescriptions till the overall loan book conforms to the stipulated composition. There may, however, be no sub-target for agriculture under PSL. **[Para 6.7.1.4 (iv) & (v)]**	

14	**Tier 4: Relaxation of target dates for achieving Priority Sector Lending (PSL) and small value loans:** Any bank which is in Tier 4 by virtue of its deposit size but found ineligible to be authorised to function as a universal bank may be provided operational freedom as applicable to Tier 2 UCBs while their regulatory requirements will continue to be as applicable to banks in Tier 4. The loan portfolio of such UCBs shall conform to the stipulations made for SFBs as per instructions already in place. For the reasons outlined in case of Tier 2 banks above, the Committee recommends that the hard timeline be replaced with a stipulation that 95 per cent of the incremental portfolio of these banks should be corresponding to the aforesaid prescriptions till the overall loan book conforms to the stipulated composition. **[Part of Para 6.7.1.5 (iv)]**	

Glide path for transition to higher tiers

Sr. No.	Description	Status
15	**Additional timeframe on transiting from Tier 1 to Tier 2:** Additional timeframe (say two years) and glide path may be provided in case a UCB has to achieve the required minimum CRAR for Tier 2 category, on transitioning from Tier 1 to Tier 2 category on account of size of deposits. **[Para 6.7.1.3 (ii)]**	**Accepted with modification.** Whenever a UCB transits or intending to transit to a higher Tier, appropriate glide path shall be provided wherever warranted.

Prescriptions for Tier 3 UCBs

Sr. No	Description	Status
16	**Tier 3 UCBs to function on lines of SFB:** (i) UCBs under Tier 3 shall meet minimum CRAR of 15% as applicable to SFBs. (ii) A Tier 3 UCB which meets both the entry point capital and the CRAR requirements applicable to SFBs may, on RBI being satisfied that it meets the financial requirements and has a fit and	**Partially accepted.** The recommendation of treating Tier 3 UCBs which meet both entry point capital

Sr. No	Description	Status
	proper Board and CEO, be allowed to function on the lines of an SFB. Such UCBs may be eligible for the following: a. Deemed area of operation across the country and, consequently, deemed permission / NOC from RBI to become a multi-state bank, if it is not already one. b. Branch expansion throughout the country through automatic route, subject to a prescription of opening at least 25 per cent of the branches in unbanked areas and reporting to the RBI. The branch(es) in the unbanked area should be front loaded wherever the number of branches to be opened by the bank is less than four. c. Automatic inclusion in second Schedule to the RBI Act d. AD licensing regime on par with SFBs e. Any other regulatory permissions normally granted to SFBs (iii) Tier 3 UCBs not fulfilling the conditions as at (ii) above may have operational freedom on par with Tier 2 UCBs. **[Para 6.7.1.4 (i), (ii) & (iii)]**	and CRAR as SFBs is not accepted. However, the recommendations on CRAR and branch expansion have been accepted with modifications as under: (i) UCBs shall maintain a minimum CRAR of 12% under the current capital framework. (Please see Sr.No. 5 above). (ii) Branch expansion under automatic route in the area of operation has been accepted with modification. (Please see Sr.No.9 above). All other prescriptions will be in line with the present regulatory guidelines for UCBs as amended from time to time, unless specified otherwise.

Prescriptions for Tier 4 UCBs

Sr. No	Description	Status
17	**Allow Tier 4 UCBs to function on the lines of universal banks:** i. Minimum CRAR as per Basel III prescriptions as applicable to UNBs (universal Banks). ii. A Tier 4 UCB which meets both the entry point capital[5] and CRAR requirements applicable to UNBs as also the leverage ratio may, on RBI being satisfied that it meets the financial requirements and has a fit and proper Board and CEO, be allowed to function on the lines of a universal bank.	**Partially accepted.** The recommendation of treating Tier 4 UCBs which meet entry point capital, CRAR and leverage as universal banks is not accepted. However, the recommendations on CRAR and branch expansion in the

	iii. Tier 4 UCBs fulfilling the conditions at (ii) above may have all the operational freedom, including for branch expansion (including the obligation to open 25 per cent of the branches in unbanked areas subject to reporting), scheduling, AD license, etc. on par with UNBs. iv. Any bank which is in Tier 4 by virtue of its deposit size but found ineligible to be authorised to function as a universal bank may be provided operational freedom as applicable to Tier 2 UCBs while their regulatory requirements will continue to be as applicable to banks in Tier 4. The loan portfolio of such UCBs shall conform to the stipulations made for SFBs as per instructions already in place. For the reasons outlined in case of Tier 2 banks above, the Committee recommends that the hard timeline be replaced with a stipulation that 95 per cent of the incremental portfolio of these banks should be corresponding to the aforesaid prescriptions till the overall loan book conforms to the stipulated composition. v. These banks may voluntarily become members of the UO. **[Para 6.7.1.5]**	area of operation have been accepted with modifications as under: (i) UCBs shall maintain a minimum CRAR of 12% under the current capital framework. (Please see Sr.No. 6 above). (ii) Branch expansion under automatic route has been accepted with modification. (Please see Sr.No. 10 above). All other prescriptions will be in line with the present regulatory guidelines for UCBs (including PSL targets and composition of small value loans) as amended from time to time, unless specified otherwise.

Sectoral Exposure Ceilings

Sr. No	Description	Status
18	**<u>Sectoral exposure and loan limits for Tier 1 and Tier 2 UCBs:</u>** Regulation of UCBs in Tier 3 and Tier 4 will be largely on par with SFBs and UNBs, respectively. For Tier 1 and Tier 2 banks, including the banks in Tier 3 and Tier 4 not meeting the financial parameters of SFB and UNB, respectively, the following modifications are recommended to give more operational freedom to these banks, subject to banks meeting the suggested regulatory requirement of CRAR and net worth: i) Housing Loan	**Partially accepted.** (i) Housing Loan limits: The housing loans limits have been suitably enhanced vide circular DOR.CRE.REC.43/09.22.010/ 2022-23 dated June 08, 2022. (ii) In respect of risk weights on housing loans, it has been decided to align the same with those of commercial banks by assigning the risk weights only

	a. The maximum limit on housing loans may be prescribed as a percentage of Tier 1 capital, subject to RBI-prescribed monetary ceiling for Tier 1 UCBs (but higher than the present ceiling) and respective Board of Directors-approved ceiling for Tier 2 UCBs. b. For Tier 2 UCBs, the risk weight on housing loans may be prescribed based on size of the loan and loan-to-value (LTV) ratio, in line with SCBs. ii) Loan against Gold Ornaments with Bullet Repayment Option a. The maximum limit on loan against gold ornaments extended on bullet repayment terms may be prescribed as a percentage of Tier 1 capital, subject to suitable LTV ratio. b. There may be an RBI-prescribed ceiling (higher than the present ceiling) for Tier 1 UCBs and respective Board of Directors-approved ceiling for Tier 2 UCBs. iii) Unsecured Advances a. For banks in Tier 1 and 2, the maximum limit on individual unsecured loans may be linked to Tier-I capital, subject to a suitable upper cap for Tier 1 banks. Tier 2 banks may have a Board-approved ceiling. b. The present aggregate limit on unsecured advances, i.e., 10 per cent of total assets may continue. However, the UCBs may be allowed to have a higher limit with the approval of their Boards and subject to the condition that the loans exceeding the aforesaid 10 per cent limit must qualify to be classified as PSL. iv) For UCBs in Tier 2, the limit on exposure to various sectors may be removed (on par with concentration risk); additional standard asset provisioning may be imposed on exposure to a single sector beyond a specified percentage of the loan portfolio (say 20 percent). **[Para 6.7.2]**	to LTV ratio. This will be applicable to all Tiers of UCBs. The other exposure/ loan limits will continue till further review.

Computation of Tier I Capital

Sr. No	Description	Status
19	**Treatment of revaluation reserves:** Revaluation Reserve may be considered for inclusion in Tier I capital, subject to applicable discount on the lines of scheduled commercial banks. [**Para 6.7.3.2**]	**Accepted**. Revaluation Reserves will be considered for inclusion in Tier 1 capital subject to applicable discount on the lines of scheduled commercial banks.

Umbrella Organization

20	i. The UO is expected to play a crucial role in the strengthening of the sector. For that, it must be a financially strong organization with adequate capital and a viable business plan. The minimum capital for the UO should be Rs.300 crore with CRAR and regulatory framework akin to the largest segment of NBFCs. It must be evaluated for quality of internal controls as it will also play the role of an SRO. ii. In the long run, the UO may take up the role of a Self-Regulatory Organization (SRO) for smaller UCBs, where the UO could run an independent audit/inspection and supervisory division that may conduct both offsite and onsite supervision. Moreover, the membership of the UO could be opened to all types of co-operatives. While financial co-operatives would use most of the services of the UO, the non-financial co-operatives could use certain specific services provided by it, such as wallet services, cash management services and restricted/regulated access to payments and remittance systems. The contribution that the members make to the UO may, inter alia, be in the nature of share capital which will be permanently with the UO. It will have incremental membership with new members joining the UO, possibly at a premium that may be decided from time to time.	**Under further examination.** The Reserve Bank of India accorded regulatory approval for setting up of an Umbrella Organisation (UO) for UCB sector which will have a paid-up capital of Rs.300 crore. Accordingly, National Co-operative Finance and Development Corporation Limited (NCFDC) has been incorporated, which is in the process of enrolling UCBs as members. Once the UO stabilises, the other recommendations will be examined.

	iii. Once the UO stabilizes, it may explore the possibilities of converting into universal bank and offer value-added services on behalf of its member banks. With suitable structural flexibility to operate as a bank, the UO can be owned by the co-operative institutions even if it is a joint stock company, which may encourage the smaller UCBs to become an extended arm of such a bank. iv. Once the COR is issued and the UO commences its business, the RBI could consider providing a one-time grant to the UO for a specific objective tied to providing IT support to its member banks. Since aggregation of IT services will be a financial inclusion enabler and can also contribute to system-stability through standardisation of the IT interface, RBI's financial support to the UO would be justifiable. **[Para 6.7.4]**	

Capital instruments

Sr. No	Description	Status
21	Capital augmentation: i. Amendments to BR Act empowering the RBI to declare certain securities issued by UCBs as covered under the Securities Contract Regulation Act to facilitate their listing and trading in a recognised stock exchange may be made. Till such time, the RBI may consider allowing banks in Tier 3 and 4, having the necessary technology and wherewithal, to issue shares at premium to persons residing in their areas of operation subject to certain conditions. **[Para 7.13.1]** ii. UCBs may be permitted to grant advances to subscribers of PCNPS subject to the amount of loan being a limited multiple of the PNCPS subscribed to by the investor. The number of such borrowers and other nominal members having	**Under further examination.** In order to examine the issues concerning recommendation for capital augmentation under the provisions of Section 12 of the Banking Regulation Act, 1949(as amended) (as applicable to co-operative societies), a Working Group comprising the representatives from RBI, SEBI and Ministry of Co-operation, Government of India has been constituted.

	credit facility shall not exceed 20 percent of the total borrowing members of the UCB. In other words, the PNCPS subscribers who have borrowed from the bank will be akin to nominal members except that there shall not be a monetary ceiling of Rs.1 lakh on the loans in their case but a limit in the form of a multiple of their subscription to PNCPS. **[Para 7.13.2]** iii. For providing an avenue for persons to contribute to capital in the form of donations / grants-in-aid / contribution without accompanying voting rights, feasibility of issuing an alternate instrument, possibly in the form of Redeemable Preference Shares with very low coupon and maturity of 20 years could be considered. **[Para 7.13.3.(ii)]**	

Supervisory Action Framework (SAF) and Consolidation

Sr. No	Description	Status
22	**Supervisory Action Framework (SAF):** SAF should follow a twin-indicator approach, i.e., it should consider only asset quality and capital measured through NNPA and CRAR instead of triple indicators at present. Additional provisioning suggested by the Inspecting Officers (IOs) should be adjusted from GNPA to arrive at assessed NNPA similar to the adjustments in Tier I capital done to arrive at assessed CRAR to determine whether SAF triggers are hit. The objective of the SAF should be to find a time-bound remedy to the financial stress of a bank. **[Para 8.6.2 and 8.6.3.1]** As hitherto, actions under the SAF may continue to be segregated into mandatory and discretionary. The action based on the suggested twin indicators may be taken by the RBI without reference to TAFCUB. However, there could be banks with other supervisory concerns like stress in profitability, governance-related concerns, etc., all of which call for further corrective action on the part of the banks.	**Broadly accepted.** A revised SAF for UCBs will be issued keeping in view the recommendations.

	These may be considered for discretionary action in consultation with TAFCUB for banks in Tiers 1 and 2. **[Para 8.6.3.2]** A broad structure for SAF as recommended by the Committee is contained at **Para 8.6.3.5.**	
23	**<u>UCBs under All Inclusive Directions (AID):</u>** All-inclusive directions should be treated on par with moratorium under Section 45 of BR Act and, if imposed, a bank should not continue thereunder beyond the time permitted to keep a bank under moratorium viz., three months extendable by a maximum of another three months. It is recommended that at some stage, the weak banks should be visited with a regulatory nudge to explore the possibility of voluntary merger or conversion into a non-banking society at an early stage with the clear understanding that in the absence thereof, the powers for mandatory resolution would be employed. **[Para 8.6.3.3]** In view of the powers derived from the recent amendment, the RBI may strive to begin the mandatory resolution process including reconstruction or compulsory merger as soon as a UCB reaches Stage III under the SAF. The RBI may also consider superseding the Board if the bank fails to submit voluntary merger / conversion proposal within the prescribed timeframe and take necessary steps to avoid undue flight of deposits once the news becomes public. **[Para 8.6.3.4]**	**Under further examination.**

Resolution of UCBs

24	**Compulsory amalgamation or reconstruction of UCBs:** i) Under Section 45 of the BR Act, read with Section 56 thereof, RBI can prepare scheme of compulsory amalgamation or reconstruction of UCBs, like banking companies. This may be resorted to when the required voluntary actions are not forthcoming or leading to desired results.	**Under further examination.**

	[Para 8.7.1.(ii)] ii) The action, other than voluntary responses by the banks may, inter alia, provide for one or more of the following: a. Compulsory amalgamation with another banking institution or a transfer of assets and liabilities to another financial institution. In such cases, the existing members of the transferor UCB may be disenfranchised for a period of five years. b. Reconstruction through reconstitution of the capital, assets, powers, rights, interests, privileges, liabilities, duties and obligations, change in Board of Directors, alteration of byelaws, etc. for giving effect to reconstruction. c. The amalgamation or reconstruction scheme may include reduction in the rights of creditors, including depositors and members of the bank; or payment in cash or in any other manner to depositors/creditors in respect of their entire claims or reduced claims, as the case may be. d. The section also offers flexibility to allot shares/long term debt instruments of the transferee bank (acquiring bank) to the depositors/creditors/members without reducing their claims. **[Para 8.7.2]**	

Other recommendations

Sr. No	Description	Status
25	**<u>Board of Management (BoM):</u>** Since the recent amendments to the BR Act largely addresses the issues related to management and governance in UCBs with powers to RBI for prescribing 'fit and proper criteria' for directors and MD/CEO and requirement for minimum of 51 per cent of the directors having special qualification or experience, the extant guidelines related to constitution of Board of Management may be	**Under further examination.**

Sr. No	Description	Status
	withdrawn. RBI should strictly enforce the new provisions of the BR Act with regard to Governance. A toolkit of appropriate regulatory responses besides enforcement action may be put in place. **[Para 6.7.3.1]**	
26	**Inclusion in Government Schemes:** The Committee recommends that the UCBs should be included as eligible banks under the Government Schemes such as MUDRA, interest subvention/ subsidy scheme. UCBs should also be allowed to undertake Government business subject to them meeting the prescribed criteria. **[Para 6.7.3.3]**	**Under further examination.** The specific recommendation of the committee will be referred to Government of India for examination.
27	**The role of TAFCUB:** TAFCUB, as a forum for coordination should continue. While the mandatory action based on objective criterion under the SAF should be taken by the RBI, discretionary actions to address the deficiencies of other financial or non-financial nature, such as high GNPA, losses, governance issues, inefficiencies, weakness in systems and controls etc. in case of Tier 1 and 2 banks may be deliberated and appropriate supervisory action may be recommended by the TAFCUB. **[Para 8.8.3]**	**Under further examination**.

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