

Press Releases

October 2008

Government of Tamil Nadu signs MoU with RBI

Oct 6, 2008

The Government of Tamil Nadu and the Reserve Bank of India have, on October 6, 2008 signed a Memorandum of Understanding with regard to Urban Co-operative Banks in the State of Tamil Nadu. Consequent upon this, a State level Task Force for Urban Co-operative Banks (T AFCUB) has been constituted for Tamil Nadu. Shri F.R. Joseph, Regional Director for Tamil Nadu and Puducherry, Reserve Bank of India, is the Chairman of the T AFCUB and Shri Jatindra Nath Swain, IAS, Registrar of Cooperative Societies, Government of Tamil Nadu is its Co-Chairman. The other members of the T AFCUB include a representative each from State and National Federation of Urban Cooperative Banks, a nominee of State Government of Tamil Nadu and a representative of Urban Banks Department, Reserve Bank of India, Central Office, Mumbai. The first meeting of the T AFCUB will be held shortly.

Similar MoUs have also been signed with the Governments of the States of Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Uttarakhand, Chattisgarh, Goa, Maharashtra, Assam, NCT of Delhi, Haryana, West Bengal, Tripura, Punjab, Uttar Pradesh, Manipur, Meghalaya, Himachal Pradesh, Kerala and Mizoram, thus covering the 98.6 per cent of number of UCBs accounting for 99.2 per cent of the deposits of the sector.

As part of its developmental role, the Reserve Bank would also be assessing the training, computerisation needs of the Urban Co-operative Banks in the State of Tamil Nadu with the objective of upgrading their human resources skills and technological infrastructure so that they improve their operational efficiency and quality of management information systems.

It may be recalled that in the Mid-Term Review of Annual Policy announced in October 2004, the Reserve Bank had announced that a vision document for Urban Co-operative Banks would be prepared. Accordingly, the Reserve Bank placed in public domain a draft vision document in March 2005. As Urban Co-operative Banks are subject to dual control by the Reserve Bank and the State Governments, the vision document envisaged the signing of MoU between State Governments and the Reserve Bank of India to put in place an arrangement through which there is a convergence on the approach and remedial actions required to be taken for facilitating development of the sector. The vision document also proposed the constitution of a State Level Task Force for Urban Co-operative Banks with representatives of State Government, State/National Federation of Urban Cooperative Banks and the Reserve Bank of India as its members, for the purpose of identifying the potentially viable Urban Cooperative

Banks and drawing up a time-bound action plan for their revival by setting specific monitorable milestones.

Committee on Financial Sector Assessment

Oct 6, 2008

In partial modification of the Press Release dated February 6, 2008, it has been decided to appoint Shri Ashok Chawla, Secretary, Economic Affairs, Government of India as the Co-Chairman of the Committee on Financial Sector Assessment in place of Dr. D. Subbarao, former Finance Secretary, Government of India, consequent to Dr. Subbarao's appointment as the Governor, Reserve Bank of India. Accordingly, the composition of the reconstituted Committee on Financial Sector Assessment is as follows:

Dr. Rakesh Mohan Deputy Governor Reserve Bank of India	Chairman
Shri Ashok Chawla Secretary (Economic Affairs) Government of India	Co-Chairman
Shri Arun Ramanathan Finance Secretary Government of India	Member
Dr. Arvind Virmani Chief Economic Adviser Government of India	Member
Shri Madhusudan Prasad Joint Secretary (Fund Bank) Government of India	Member

It may be recalled that the Reserve Bank of India appointed a committee on financial sector assessment in September 2006 to :

- (i) Identify the appropriate areas, techniques and methodologies in the Handbook on Financial Sector Assessment and also in any other pertinent documents for financial sector assessment relevant in the current and evolving context of the Indian financial sector;
- (ii) Apply relevant methodologies and techniques adapted to Indian system and attempt a comprehensive and objective assessment of Indian financial sector, including its development, efficiency, competitiveness and prudential aspects;
- (iii) Analyse specific development and stability issues as relevant to India; and
- (iv) Make available its report(s) through Reserve Bank of India/ Government of India websites.

Besides being one of the earliest member countries participating voluntarily in the Financial Sector Assessment Programme (FSAP), India has been a forerunner in

comprehensive self assessment of various international financial standards and codes. The Reserve Bank has also released a Synthesis Report in May 2002 and a Progress Report in January 2005. The experience has thus far been very encouraging and the financial sector reforms have progressed well in recent years, enhancing the soundness of the financial system and promoting financial stability.

Consistent with this approach, it was considered appropriate and expedient for India to undertake a self assessment of financial sector stability and development, using the new Handbook on Financial Sector Assessment as the base as also any other pertinent documents for financial sector assessment. The handbook was published in September 2005 jointly by the World Bank and the International Monetary Fund in the aftermath of the Asian financial crisis and their experience in the conduct of assessment in member countries. The Government of India, in September 2006 decided in consultation with the Reserve Bank of India to constitute the 'Committee on Financial Sector Assessment'.