

The Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir,

Second Schedule to RBI Act, 1934 - Norms for inclusion -

As per the Government of India Notification F.No.14-13/2003-AC dated 30th October 2003(copy enclosed) published in the Gazette of India dated 8th November 2003 (Statutory order 3163), notifying that henceforth (with effect from 1July 2003) only such of the primary co-operative banks which are licensed and whose demand and time liabilities are not less than Rs. 250 crore qualify to be treated as financial institutions for the purpose of sub-clause (iii) of clause (a) of sub-section (6) of section 42 of the Reserve Bank of India Act, 1934, i.e., for the purpose of inclusion of the primary co-operative banks in the second schedule to the Reserve Bank of India Act, 1934.

2) In paragraph No. 139 of Annual Monetary and Credit Policy for the year 2004-2005, it has been proposed to consider issuance of fresh licences only after a comprehensive policy on UCBs, including an appropriate legal and regulatory framework for the sector, is put in place and a policy for improving the financial health of the urban co-operative banking sector is formulated.

3) In this context, it has also been decided not to consider any application for inclusion in the Second Schedule of the Reserve Bank of India Act, 1934 till a proper legislative framework is brought about.

Yours faithfully,

(N. S. Vishwanathan)
Chief General Manager

Encl :1

The Gazette of India
PUBLISHED BY AUTHORITY
WEEKLY

No. 45] NEW DELHI, NOVEMBER 2 - NOVEMBER 8, 2003 SATURDAY/KARTIKA 11-17, 1925

Separate Paging is given to this Part in order that it may be filed as a separate compilation

PART II - Section 3 - Sub-section (ii)

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Statutory Orders and Notifications Issued by the Ministers of the Government of India
(Other than the Ministry of Defence)

MINISTRY OF FINANCE
(Department of Economic Affairs)
(BANKING DIVISION)
New Delhi, the 30th October, 2003

S.O. 3163 - In exercise of the powers conferred by Sub-clause (iii) of clause (a) of Sub-section (6) of Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), Central Government, in supersession of the earlier Notification No. 10 (12)/93-Dev. dated 24 September, 1993, notifies that henceforth only such of the primary cooperative banks which are licensed and whose Demand and Time Liabilities are not less than Rs.250 crores as financial Institutions for the purpose of the said Sub-clause, with effect from 1st July 2003.

[F.No. 14.13/2003-AC]
MANGAL MARNDI, Under Secy.