

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2023-24/115

DoR.REG/LIC.No.72/16.05.000/2023-24

January 17, 2024

Managing Director / Chief Executive Officer
All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

Second Schedule to the Reserve Bank of India Act, 1934 – Norms for inclusion

Please refer to our circular [UBD.CO.BPD\(PCB\).No.20/16.05.000/2013-14](#) dated September 27, 2013 on the captioned subject.

2. Subsequent to release of the [Revised Regulatory Framework for Urban Co-operative Banks \(UCBs\)](#) on July 19, 2022, revised categorization norms for UCBs for regulatory purposes was notified vide circular [DOR.REG.No.84/07.01.000/2022-23](#) dated December 01, 2022 and the criteria for classifying a UCB as Financially Sound and Well Managed (FSWM) have been revised vide circular [DOR.REG.No.85/07.01.000/2022-23](#) dated December 01, 2022.

3. It has now been decided to revise the eligibility norms for inclusion of UCBs in the Second Schedule to the Reserve Bank of India Act, 1934 to bring them in conformity with the Revised Regulatory Framework.

4. In this regard, Government of India notification F.No.3/16/2023-AC dated September 04, 2023 has been published in Gazette of India on September 23, 2023 notifying that licensed Tier 3 and Tier 4 Primary (Urban) Co-operative Banks, fulfilling the criteria stipulated for Financially Sound and Well Managed Urban Co-operative Banks by the Reserve Bank of India, subject to maintenance of minimum deposits required for categorisation as a Tier 3 Urban Co-operative Bank for two consecutive years, would be the eligible 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 [\(copy enclosed\)](#).



5. Such eligible UCBs satisfying the following criteria shall be considered for inclusion in the Second Schedule:

- a) CRAR of at least 3 per cent more than the minimum CRAR requirement applicable to the UCB; and
- b) No major regulatory and supervisory concerns.

6. The information at 5(a) shall be based on the assessed financials and findings of RBI inspection report or audited financial statements, whichever is latest. Such eligible UCBs may submit their application for inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 to the concerned Regional Office of Department of Supervision (in case of UCBs under jurisdiction of Mumbai office, the application should be sent to Department of Supervision, RBI, Central Office) of the Reserve Bank along with the following documents (two sets):

- a) Copy of resolution passed by the Annual General Body/Board of Directors to make an application to RBI for inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 and containing the name(s) of bank official(s) authorized to correspond with RBI in this regard; and
- b) Major financial details of the bank together with copies of the published balance sheet for the last three years.

7. These instructions are issued under clause (a) of sub-section (6) of section 42 of the Reserve Bank of India Act, 1934.

8. The revised instructions shall come into force from the date of issue of the circular. The circular [UBD.CO.BPD\(PCB\).No.20/16.05.000/2013-14](#) dated September 27, 2013 will thus stand repealed.

Yours faithfully,

(Manoranjan Padhy)
Chief General Manager