



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2015-16/236

DCBR.BPD. (PCB).Cir.No. 8/16.20.000/2015-16

Kartik 28, 1937

November 19, 2015

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

Dear Sir/ Madam

Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)

Please refer to the guidelines contained in our [circular BPD. PCB. Cir. 46 / 16.20.00 / 2002-03 dated May 17, 2003](#) and [UBD \(PCB\) BPD Cir No: 47 /16.20.000/2008-09 dated January 30, 2009](#) on the captioned subject.

2. On a review it has been decided to permit scheduled UCBs to accept deposits from other scheduled UCBs, if it is part of an arrangement for providing specific services to the latter bank such as acting as the sponsor bank for clearing purposes, DD arrangement, CSGL facility, currency chest facility, foreign exchange transactions, remittance facility and non-fund based facilities like bank guarantee (BG), letter of credit (LC), etc. It has also been decided to permit only Scheduled UCBs fulfilling the following criteria to accept deposits from scheduled/ non-scheduled UCBs:

- i. CRAR of not less than 10 per cent.
- ii. Gross NPAs of less than 7% and Net NPAs of not more than 3%.
- iii. Net profit for at least three out of the preceding four years subject to it not having incurred a net loss in the immediate preceding year.

सहकारी बैंक विनियमन विभाग, केंद्रीय कार्यालय, सी-7 बांद्रा कुर्ला कॉम्प्लेक्स, पहली और दूसरी मंज़िल, बांद्रा (पूर्व), मुंबई-400051 भारत .फोन: 022 -26578100/8300/8500/8700; ई मेल: cgmdcbrco@rbi.org.in

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बैंक हिन्दी में पत्राचार का स्वागत करता है।

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं माँगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

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- iv. No default in the maintenance of CRR/ SLR during the preceding financial year.
- v. Sound internal control system with at least two professional directors on the Board.
- vi. Core Banking Solution (CBS) fully implemented.

3. However, acceptance of deposits by scheduled UCBs from scheduled UCBs in the nature of placement of deposits for investment purposes is not permitted.

4. Those scheduled UCBs which have accepted deposits from other non-Scheduled UCBs but are not meeting the criteria mentioned above, are advised to phase out the existing deposits of other UCBs by March 31, 2019 as under:

- 10% of deposits by March 31, 2016
- 40% of deposits by March 31, 2017
- 70% of deposits by March 31, 2018
- 100% of deposits by March 31, 2019

During this period, such scheduled UCBs will not be permitted to accept further deposits from non-scheduled UCBs maintaining accounts with them and to open new deposit accounts of UCBs. The renewal of existing deposits is allowed, subject to compliance with phase out plan mentioned above.

5. UCBs that currently meet the prescribed criteria but fail to meet them in the future will also cease to be eligible to accept fresh deposits from non-scheduled/ scheduled UCBs immediately upon such failure and shall phase out 10% of deposits by March 31 of the financial year in which it became ineligible to accept such deposits and 40 %, 70% and 100% by the end of the following financial years. During this period such scheduled UCBs will not be permitted to accept further deposits from non-scheduled/ scheduled UCBs and to open new deposit accounts of UCBs. The renewal of existing deposits is allowed subject to compliance with phase out plan mentioned above.

6. In both the situations referred to in paragraphs 4 and 5, if the concerned scheduled UCB again attains the criteria prescribed in para 2, it will be eligible to



accept deposits from non-scheduled/ scheduled UCBs and will not be required to implement the phase out plan.

7. The placement of deposits by Scheduled/ non-Scheduled UCBs and acceptance of deposits by Scheduled UCBs would be subject to the following prudential limits.

- i. Prudential inter-bank (gross) exposure limit - The total amount of deposits placed by an UCB with other banks (inter-bank) for all purposes shall not exceed 20% of its total deposit liabilities as on March 31 of the previous year. The balances held in deposit accounts with commercial banks, scheduled UCBs, State Cooperative Banks, District Central Cooperative Banks and investments in Certificates of Deposit issued by commercial banks, being inter-bank exposures, will be included in this 20% limit.
- ii. Prudential inter-bank counter party limit - Within the prudential inter-bank (gross) exposure limit, deposits for specified purposes as above with any single bank should not exceed 5% of the depositing bank's total deposit liabilities as on March 31, of the previous year.
- iii. The total inter-UCB deposits accepted by a Scheduled UCB satisfying the criteria mentioned in para (2) above should not exceed 10% of its total deposit liabilities as on 31st March of the previous financial year.

8. These instructions supersede the instructions issued vide our [circular BPD. PCB. Cir. 46 / 16.20.00 /2002-03 dated May 17, 2003](#) and [UBD. \(PCB\). BPD. Cir. No. 47/16.20.000/2008-2009 dated January 30, 2009](#).

Yours faithfully

(Suma Varma)
Principal Chief General Manager