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Ministry of Agriculture, Government of India signs MoU with RBI for Multi-State Urban Co-operative Banks

Ministry of Agriculture, Government of India and the Reserve Bank of India, on January 16, 2007, signed a Memorandum of Understanding (MoU) with regard to Multi State Urban Co-operative Banks in the country. Consequent upon this, a Central level Task Force on Multi State Urban Co-operative Banks (T AFCUB) has been constituted. Shri N.S.Vishwanathan, Chief General Manager-in-Charge, Reserve Bank of India, Urban Banks Department, Central Office, Mumbai is the Chairman of the T AFCUB and Shri Satish Chander, Joint Secretary, Government of India and Central Registrar of Co-operative Societies, is its Co-Chairman. In addition, the Central Government, the Reserve Bank and national and state level federations /associations of urban cooperative banks would also be represented on the Taskforce. The first meeting of the T AFCUB will be held shortly.

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

After the signing of MoU for Multi State UCBs, 1462 out of 1853 UCBs stand covered under the T AFCUB. In terms of deposits, these UCBs account for about 90 per cent of deposits of the sector. Earlier, MoUs have been signed with the Governments of nine States, viz., Gujarat, Andhra Pradesh, Karnataka, Madhya Pradesh, Rajasthan, Uttaranchal, Chattisgarh, Goa and Maharashtra.

It may be recalled that the Reserve Bank had placed a draft Vision Document in public domain in March 2005. It envisaged the signing of MoU between respective (State / Central) Governments and the Reserve Bank of India to address the problem of dual control by putting in place an arrangement through which there is a convergence on the approach and remedial actions required to be taken for facilitating the development of the sector. Accordingly, the Reserve Bank approached the Central and State governments in states having a large presence of UCBs for signing the MoU as a precursor to constituting the T AFCUB for identifying the potentially viable urban co-operative banks and drawing up a time-bound action plan for their revival by setting specific monitorable milestones.

Alpana Killawala
Chief General Manager