



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI constitutes High Powered Committee on Urban Co-operative Banks

The Reserve Bank of India has constituted a High Powered Committee under the Chairmanship of Shri R.Gandhi, Deputy Governor, Reserve Bank of India to re-examine and recommend appropriate set of businesses, size, conversion and licensing terms for the Urban Cooperative Banking Sector. This was pursuant to the recommendation made by the Standing Advisory Committee (SAC) on UCBs in its meeting held on October 20, 2014.

It may be mentioned here that SAC is an advisory body convened by the Reserve Bank of India periodically. It is chaired by DG-in-charge of the Department of Cooperative Bank Regulation (DCBR) and has representatives from the sector, Registrars of Co-operative Societies of select States and IBA as its members.

The composition of the High Powered Committee will be as under: -

Shri R Gandhi, Deputy Governor, Reserve Bank of India - Chairman

Shri M.A.Narmawala, Commissioner for Co-operation & Registrar of Cooperative Societies, Gujarat

Shri M.V.Tanksale, Chief Executive, Indian Banks' Association

Dr. M. L. Abhyankar, President, National Federation of Urban Co-operative Banks (NAFCUB)

Shri S.K.Banerji, Managing Director, Saraswat Cooperative Bank Ltd

Shri D Krishna, Former Chief Executive, NAFCUB

Smt. Suma Varma, Principal Chief General Manager, DCBR, Reserve Bank of India will be the Member Secretary.

Shri Joseph Raj, Joint Legal Adviser, Legal Department, Reserve Bank of India shall be a permanent invitee.

The terms of reference of the High Powered Committee are:

- (i) What lines of business (that commercial banks undertake) can be permitted for UCBs and what should be the benchmark in terms of size of business, capital requirement, regulatory regime etc.;
- (ii) In view of the limited legal powers and resolution options, what should be the appropriate size upto which a UCB may be able to grow without undue risk to the system, under the current regulatory framework;

- (iii) When enabling legal framework is in place for conversion of a co-operative bank into a joint stock bank, what should be the criteria for allowing voluntary conversion by a UCB? What should be the benchmarks in terms of asset size, capital, etc., for mandatory conversion of UCB to a Joint Stock bank?
- (iv) Examine whether the time is opportune to give license to new UCBs as per the recommendations of the Expert Committee on Licensing of New UCBs, (Malegam Committee) and if so the modalities of taking forward the recommendations of Malegam Committee;
- (v) Determine the modalities of implementing the suggestion of the Malegam Committee that 50 per cent in value of deposits should be held by voting members to assure that confidence regarding proper management is generated among investors. Alternatively propose a feasible structure that puts majority voting in the hands of contributors of funds;
- (vi) Any other matter incidental to the above.

The Committee will submit its report within three months from the date of its first meeting. Department of Co-operative Bank Regulation will provide the necessary secretarial assistance to the Committee.

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