



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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## **Guidelines on constituting Board of Management in Primary (Urban) Cooperative Banks**

To bring improvement in the governance and functioning of UCBs, a new organization structure consisting of a Board of Management (BoM), in addition to the Board of Directors (BoD), was suggested by the [Expert Committee on Licensing of New Urban Co-operative Banks, 2011](#) (Chairman: Shri Y. H. Malegam). This was reiterated by the High Powered Committee on Urban Cooperative Banks, 2015 (Chairman: Shri R. Gandhi). The Reserve Bank placed the report of the [High Powered Committee \(HPC\) on its website on August 20, 2015](#). Discussions on the recommendations made by HPC were held with the members of the Standing Advisory Committee for UCBs and subsequently, also with select Registrars of Co-operative Societies / their representatives. After considering the feedback of the stakeholders, it has been decided to implement the suggestion of putting in place BoM in addition to the BoD in UCBs.

Accordingly, [draft guidelines](#) on formation of BoM were placed on RBI's website on June 25, 2018 for eliciting comments from stakeholders and public. After considering the feedback of the stakeholders and as announced in [Statement on Developmental and Regulatory Policies dated December 05, 2018](#), Reserve Bank today released the final guidelines on constitution of BoM in UCBs.

[The guidelines](#) provide that the BoD of UCBs with deposit size of ₹100 crore and above, other than Salary Earners' Banks, shall constitute BoM. It shall be mandatory for such banks to constitute BoM for seeking approval to expand their area of operation and/or open new branches. These UCBs will also require prior approval of RBI for appointment of their CEOs. UCBs with a deposit size less than ₹100 crore and Salary Earners' Banks are exempted from constituting BoM although they are encouraged to do so voluntarily. The BoM shall report to the BoD and shall exercise oversight over the banking related functions of the UCBs, assist the BoD on formulation of policies and any other related matter specifically delegated to it by the BoD for proper functioning of the bank.

The BoD will continue to be the apex policy setting body and shall continue to be responsible for the general direction and control of a UCB. It will continue to look after all the administrative functions as spelt out in the respective Co-operative Societies Acts.