



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA

RBI/DOR/2025-26/269

December 04, 2025

Reserve Bank of India (Urban Co-operative Banks – Licensing, Scheduling and Regulatory Classification) Guidelines, 2025

A. Licensing of Urban Co-operative Banks (UCBs)

1. No fresh proposals for organization of new UCBs or for conversion of co-operative credit societies into UCBs are being considered by Reserve Bank of India.

In this context, Urban Co-operative Banks shall mean Primary Co-operative Banks as defined under section 5(ccv) read with Section 56 of Banking Regulation Act, 1949.

B. Categorization of UCBs for Regulatory Purposes

2. Given the heterogeneity in the urban cooperative sector, a four-tiered regulatory framework has been adopted to balance the spirit of mutuality and cooperation more prevalent in banks of smaller sizes and those with limited area of operation vis-à-vis the growth ambitions of the large-sized UCBs to spread their area of operation and undertake more complex business activities. Accordingly, the UCBs are categorized into the following four tiers for regulatory purposes:
 - (1) Tier 1 - All unit UCBs and salary earners' UCBs (irrespective of deposit size), and all other UCBs having deposits up to ₹100 crore;
 - (2) Tier 2 - UCBs with deposits of more than ₹100 crore and up to ₹1000 crore;
 - (3) Tier 3 - UCBs with deposits of more than ₹1000 crore and up to ₹10,000 crore;
 - (4) Tier 4 - UCBs with deposits of more than ₹10,000 crore.
3. The deposits referred to above shall be reckoned as per the audited balance sheet as of 31st March of the immediately preceding financial year.

4. If a UCB transits to a higher Tier on account of an increase in deposits in any year, it can use a glide path of up to a maximum of two years (financial year in which the threshold was crossed and the succeeding financial year) to comply with higher regulatory requirements, if any, of the transited higher Tier.

C. Second Schedule to the Reserve Bank of India Act, 1934 - Norms for inclusion

5. In terms of clause (a) of sub-section (6) of section 42 of the Reserve Bank of India Act, 1934 and the [Government of India notification F.No.3/16/2023-AC dated September 04, 2023](#) (published in Gazette of India on September 23, 2023), the licensed UCBs (except Salary Earners' Banks), which are in compliance with Eligibility Criteria for Business Authorisation (as defined in [Reserve Bank of India \(Urban Cooperative Banks – Branch Authorisation\) Directions, 2025](#)) and the following additional norms, may apply to the Regional Office concerned of the Reserve Bank for inclusion in the Second Schedule to the Reserve Bank of India Act, 1934:
 - (1) Maintenance of minimum deposits required for categorisation as a Tier 3 UCB for two consecutive years by a UCB;
 - (2) CRAR of at least three per cent more than the minimum CRAR requirement applicable to the bank; and
 - (3) No major regulatory and supervisory concerns.
6. The above information shall be based on the assessed financials and findings of the RBI inspection report or audited financial statements, whichever is the latest. An eligible UCB shall submit its application with the following documents:
 - (1) Copy of the 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
 - (2) Major financial details of the bank together with copies of the published balance sheet for the last three years.