

5. Regulatory Environment

The urban co-operative banks are regulated and supervised by State Registrars of Co-operative Societies, Central Registrar of Co-operative Societies in case of Multi-state co-operative banks and by Reserve Bank. The Registrars of Co-operative Societies of the States exercise powers under the respective Co-operative Societies Act of the States in regard to incorporation, registration, management, amalgamation, reconstruction or liquidation. In case of the urban co-operative banks having multi-state presence, the Central Registrar of Co-operative Societies, New Delhi, exercises such powers. The banking related functions, such as issue of license to start new banks / branches, matters relating to interest rates, loan policies, investments, prudential exposure norms etc. are regulated and supervised by the Reserve Bank of India under the provisions of the Banking Regulation Act, 1949(AACS). Various Committees in the past, which went into working of the UCBs, have found that the multiplicity of command centers and the absence of clear-cut demarcation between the functions of State Governments and the Reserve Bank have been the most vexatious problems of urban cooperative banking movement. This duality of command is largely responsible for

most of the difficulties in implementing regulatory measures with the required speed and urgency and impedes effective supervision.