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RBI releases draft guidelines on constituting Board of Management in Primary (Urban) Cooperative Banks

The Reserve Bank of India today released [draft guidelines](#) on constituting Board of Management (BoM) for Primary (Urban) Cooperative Banks (UCBs). The guidelines propose that UCBs may constitute a BoM, in addition to the Board of Directors (BoD).

It may be recalled that the Expert Committee on licensing of new Urban Cooperative Banks (2010) set up under the chairmanship of Shri Y.H. Malegam had recommended, inter alia, that a BoM be constituted in every UCB, in addition to the BoD which was reiterated by the High Powered Committee on Urban Cooperative Banks (Chairman: Shri R. Gandhi) constituted in January 2015.

Under the present legal framework, the Board of Directors of a UCB performs both the executive and the supervisory roles and has the responsibility to oversee the functioning of the UCB as a co-operative society and as a bank. With a view to strengthening governance in UCBs, and as suggested during discussions with stakeholders, it is proposed to require UCBs to make a provision in their bye laws for setting up a BoM. The guidelines propose that regulatory approvals such as expansion of area of operation and opening of new branches may be allowed only for UCBs that have made such a provision in their bye laws.

Comments on the draft guidelines are invited from banks and other stakeholders by July 24, 2018. The comments/feedback on the draft guidelines may be forwarded to:

Chief General Manager, Reserve Bank of India
Department of Cooperative Bank Regulation
C-7, First Floor, Bandra Kurla Complex
Bandra (East), Mumbai -400051

Or by email with subject line "Feedback on draft guidelines on Board of Management in UCBs" on the [email](#).