



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

[www.rbi.org.in](http://www.rbi.org.in)

RBI/2014-15/261

UBD.CO.LS (PCB) Cir.No.20/07.01.000/2014-15

October 13, 2014

Chief Executive Officers of all  
Primary (Urban) Co-operative Banks

Madam / Dear Sir

**Review of norms for classification of Urban Co-operative Banks (UCBs) as Financially Sound and Well Managed (FSWM)**

Please refer to our [circular UBD.CO.LS.\(PCB\).Cir.No.24/07.01.000/2013-14 dated October 1, 2013](#) wherein the eligibility criteria for FSWM UCBs were laid down.

2. In this connection, attention of UCBs is invited to our circular ref: [UBD.CO.BPD.PCB.Cir.No.14/09.18.300/2013-14 dated September 11, 2013](#) in terms of which UCBs were advised to implement CBS in all their branches on or before December 31, 2013 failing which no further facilities by way of branch expansion etc. may be granted. In view of the critical importance of CBS in the banking system, it has now been decided to include CBS implementation as an additional criterion for a UCB to be classified as an FSWM bank. Accordingly, UCBs fulfilling the following criteria would henceforth be termed as FSWM:

- (a) CRAR of not less than 10 per cent;
- (b) Gross NPA of less than 7 % and Net NPAs of not more than 3%
- (c) Net profit for at least three out of the preceding four years subject to it not having incurred a net loss in the immediate preceding year.
- (d) No default in the maintenance of CRR / SLR during the preceding financial year;
- (e) Sound internal control system with at least two professional directors on the Board;
- (f) Core Banking Solution (CBS) fully implemented;  
and,

शहरी बैंक विभाग, केंद्रीय कार्यालय, गारमेंट हाऊस, पहली मंज़िल, डॉ ए बी रोड, वरली, मुंबई- 400018 भारत  
फोन: 022 - 2493 9930 - 49; फैक्स: 022 - 2497 4030 / 2492 0231; ई मेल: [cgmincubd@rbi.org.in](mailto:cgmincubd@rbi.org.in)

Urban Banks Department, Central Office, Garment House, 1 Floor, Dr.A.B.Road, Worli, Mumbai - 400018, India  
Phone: 022 - 2493 9930 - 49; Fax: 022 - 2497 4030 / 2492 0231; Email: [cgmincubd@rbi.org.in](mailto:cgmincubd@rbi.org.in)

बैंक हिन्दी में पत्राचार का स्वागत करता है —

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं माँगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।  
Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

(g) Regulatory Comfort

3. With a view to imparting transparency and removing any unintended element of subjectivity in the interpretation of the criterion of regulatory comfort, it is hereby clarified that such UCBs should have a proven record of compliance with the provisions of Banking Regulation Act, 1949 (AACCS), Reserve Bank of India Act, 1934 and the instructions / directions issued by RBI from time to time i.e. the bank should have an impeccable record of regulatory compliance and no warning letter / cautionary advice should have been issued to or monetary penalty imposed on the bank on account of violation of RBI directives / guidelines during the preceding three financial years.

4. The new criteria would henceforth be considered for processing applications received from UCBs for opening of on-site / off-site / mobile ATMs, applications under Annual Business Plans (ABP), extension of area of operation, shifting of premises and all other permissions from RBI.

Yours faithfully,

(A. K. Bera)  
Principal Chief General Manager