

Urban cooperative banks

June 25, 2020

Urban Cooperative Banks (UCBs) also known as Primary Cooperative Banks are registered as cooperative societies under the provisions of:

- Either the State Cooperative Societies Act of the State concerned, or
- The Multi State Cooperative Societies Act, 2002.
- UCBs are regulated and supervised by the Registrar of Cooperative Societies (RCS) of State concerned or by the Central Registrar of Cooperative Societies (CRCS), as the case may be.
- The applicability of banking laws to cooperatives societies since March 1, 1966 ushered in 'duality of control' over UCBs between the Registrar of Cooperative Societies/Central Registrar of Cooperative Societies and the Reserve Bank of India.
- The Reserve Bank regulates and supervises the banking functions of UCBs under the provisions of Banking regulation Act, 1949 and the non-banking aspects like registration, management, administration and recruitment, amalgamation and liquidation are regulated by the State/ Centre.
- Recently, Cabinet approved the amendment in Banking Regulation Act 1949 to bring in even the management functions of cooperatives also under RBI (Based on the Malegam committee report). RBI approval will be required for top appointments and RBI can also supersede cooperative banks board in financial distress and Auditing will also be done as per RBI norms (all these functions of commercial banks are already under RBI).

