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Telephone : 011-25771170, 25770108 Fax : 011-25779710 Web. : www.nafcub.org, E-mail : coop@nafcub.org

Ref. No.: NF/U-6/2019-20/185

July 05, 2019

The Chairmen / Chief Executive Officer / Managing Directors  
All Urban Cooperative Banks

Dear Madam / Sir,

**Grant of Regulatory Approval for the formation of  
Umbrella Organization (UO) for UCBs**

As you are well aware that NAFCUB has been striving hard to form an Umbrella Organisation to strengthen the urban cooperative banking sector in the country for a very long time. RBI had sought the views of NAFCUB with regard to creation, structure and design of the National Level Umbrella Organisation. Consequently NAFCUB formed a Steering Committee under the chairmanship of Sh. V. S. Das, former Executive Director, RBI and others to examine and make recommendations on the structure and form of the National Umbrella Organization for the UCB sector and its role and functions. The Steering Committee submitted its report to NAFCUB Board for their perusal and approval on August 18, 2017. The final report of Steering Committee as was approved by NAFCUB Board was submitted to Shri N. S. Vishwanathan, Deputy Governor, RBI on February 26, 2018.

Keeping in view the recommendations of various Committees / Expert Groups in the past and taking into considerations the recommendations made in the report of the Steering Committee constituted by NAFCUB, RBI in its Statement on Development and Regulatory Policies dated February 07, 2019 announced that a long term solution to make the UCB sector financially resilient and to enhance the depositors confidence is to set up an All India Umbrella Organisation as prevalent in other countries. We are now pleased to inform you that RBI vide their letter no. DCBR.CO.LS/3679/ 07.12.000/2018-19 dated June 06, 2019 has granted Regulatory Approval for the formation of Umbrella Organisation for Urban Cooperative Banks to NAFCUB. The guidelines on structure, capital and functions of Umbrella Organisation has also been approved by the RBI as per the recommendations of the Steering Committee.

**NATIONAL FEDERATION OF URBAN COOPERATIVE BANKS AND CREDIT SOCIETIES LTD.**

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Banks are aware that the UCB sector are characterized by limited avenues for raising capital and require greater professionalization in their operations. Internationally, Umbrella Organisations provide cooperative solidarity and mutual support system. The UO provide wide range of fund based and non-fund based services and will also act as self regulatory organisation. The fund based services includes extending loans and advances, refinance facilities and liquidity support through REPO. The UO may also expand capital support to UCBs and will set up IT infrastructure for use of UCBs so as to facilitate sharing of resources leading to cost efficiency. The other functions of the UO include providing guidance on fund management, consultancy services, capacity building and research & development. Thus the UO will be helpful to the entire urban banking sector in times of crises and would be able to effectively address many limitations that the UCB sector presently faces. Thus the UO will facilitate efficient and sound banks, rising of capital, effective regulations, greater public confidence and fostering cooperative spirit thereby contributing to the financial stability with greater public welfare. The UO is proposed to have a paid up capital of Rs. 300 crores which will eventually be increased to Rs. 500 crores so that it is converted into a full-fledged bank within a period of 2-3 years.

As RBI has advised NAFCUB to initiate steps for establishment of UO by incorporating an NBFC, it is necessary the determine the capital structure of the UO. In view of the above, you are requested to furnish the information as per Annexure I to help NAFCUB to determine the contribution to the capital of the UO by each UCB as the UO shall offer its services only to the share holder UCBs, which will be voluntary basis. You are therefore, requested to furnish the requisite particulars **latest by July 12, 2019** so that all the formalities are completed at the earliest.

**This may please be treated as MOST URGENT.**

Thanking you,

Yours faithfully,

  
(SUBHASH GUPTA)  
CHIEF EXECUTIVE

Encl.: As above

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**Annexure - I**

**PARTICULARS TO BE SUBMITTED TO NAFCUB FOR ESTABLISHMENT OF NATIONAL LEVEL UMBRELLA ORGANISATION FOR URBAN COOPERATIVE BANKS**

Name & Address of the Urban Cooperative Bank	
Type of the Bank	<ul style="list-style-type: none"> <li>i) Unit Bank</li> <li>ii) Tier I – other than Unit Bank</li> <li>iii) Tier II</li> <li>iv) Scheduled Bank</li> </ul>
<b>Financial parameters as on March 31, 2019</b>	
<b>Particulars</b>	<b>Amount in Rs. Lacs</b>
<ul style="list-style-type: none"> <li>1. Paid up Capital</li> <li>2. Deposits</li> <li>3. Advances</li> <li>4. Profit</li> <li>5. Asset Size</li> </ul>	

**Information may be submitted by email at [nafcub.uo2019@gmail.com](mailto:nafcub.uo2019@gmail.com) latest by July 12, 2019.**