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July 31, 2026

Reserve Bank of India (Urban Co-operative Banks - Miscellaneous) Supervisory Directions, 2026

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हिंदी आसान है, इसका प्रयोग बढ़ाइए



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In exercise of the powers conferred by Section 35-A read with Section 56 of the Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India ('RBI') in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues Directions hereinafter specified.

Chapter I - Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Urban Co-operative Banks - Miscellaneous) Supervisory Directions, 2026.
2. These Directions shall come into effect immediately upon issuance.

B. Applicability

3. These Directions shall be applicable to Urban Co-operative Banks (hereinafter collectively referred to as 'UCBs' and individually as 'UCB').

For the purpose of these Directions, 'Urban Co-operative Banks' shall mean Primary Co-operative Banks as defined under Section 5(ccv) as applicable to co-operative societies, read with Section 56 of the Banking Regulation Act, 1949.

Provided that [Chapter III](#) of these Directions shall be applicable to UCBs in Tier 2, Tier 3 and Tier 4 categories except those under All Inclusive Directions (AID). Tier 1 UCBs, though not covered under the provisions of Chapter III of these Directions, shall be subject to enhanced monitoring under the extant supervisory framework. UCBs under AID shall continue to be monitored as hitherto including with respect to the conditions under AID. A suitable transition time shall be provided to such UCBs for compliance with the provisions of Chapter III of these Directions, as and when they come out of AID.

Note: The applicability under these Directions is in line with the regulatory structure for UCBs as set out in [Reserve Bank of India \(Urban Co-operative Banks – Licensing, Scheduling and Regulatory Classification\) Guidelines, 2025](#).



C. Definitions

4. All expressions used in these Directions, shall have the same meaning as have been assigned to them under the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the Companies Act, 2013, or any statutory modification or re-enactment thereto or other regulations issued by RBI or the Glossary of Terms published by RBI or as used in commercial parlance, as the case may be.



Chapter II - Core Banking Solution Implementation

5. The UCB shall implement Core Banking Solution (CBS) in all its branches, progress of which may be informed to the Senior Supervisory Manager (SSM), RBI.
6. For this purpose, the UCB may refer to the document - '[Core Banking Solution Requirements for Urban Cooperative Banks: Functional and Technical](#)' dealing with the functional and technical requirements for Core Banking Solution in UCBs prepared by the Institute for Development and Research in Banking Technology in consultation with RBI.



Chapter III - Prompt Corrective Action Framework

7. The objective of the Prompt Corrective Action (PCA) Framework is to enable supervisory intervention at an appropriate time and require the UCBs to initiate and implement remedial measures in a timely manner, to restore their financial health. The PCA Framework does not preclude RBI from taking any other action as it deems fit at any time, in addition to the corrective actions prescribed in the Framework.
8. Capital, Asset Quality and Profitability will be the key areas for monitoring in the PCA Framework. Indicators to be tracked for Capital, Asset Quality and Profitability would be Capital to Risk-weighted Assets Ratio (CRAR), Net Non-Performing Assets (NNPA) Ratio (percentage of net NPA to net advances) and net profit, respectively. Breach of any of the following risk threshold may result in invocation of PCA:

PCA Matrix - Parameters, Indicators and Risk Thresholds				
Parameter	Indicator	Risk Threshold 1	Risk Threshold 2	Risk Threshold 3
(1)	(2)	(3)	(4)	(5)
Capital (Breach of CRAR)	CRAR – Minimum Regulatory Requirement, as applicable*	Up to 250 basis points (bps) below the Indicator prescribed at column (2)	More than 250 bps but not exceeding 400 bps below the Indicator prescribed at column (2)	In excess of 400 bps below the Indicator prescribed at column (2)
Asset Quality	Net Non-Performing Advances (NNPA) Ratio	>=6 per cent but <9 per cent	>=9 per cent but < 12 per cent	>=12 per cent
Profitability	Net profit	Incurred losses during two consecutive years	--	--
* For Tier 2 to 4 UCBs as per the glide path provided for achieving the regulatory minimum CRAR of 12 per cent by March 31, 2026.				

9. A UCB will generally be placed under PCA Framework based on the Reported / Audited Annual Financial Results and / or the ongoing Supervisory Assessment made by RBI. However, RBI may impose PCA on any UCB during the course of



a year (including migration from one threshold to another) in case the circumstances so warrant. Although supervisory action taken will primarily be based on the criteria specified under the PCA Framework, RBI will not be precluded from taking appropriate supervisory action in case stress is noticed in other important indicators / parameters or in case of serious governance issues. Also, RBI will not be precluded from taking any supervisory action other than those indicated in under PCA Framework, based on the merits of each case.

10. Once a UCB is placed under PCA, taking the UCB out of PCA Framework and / or withdrawal of restrictions imposed under the PCA Framework will be considered:
 - (1) if no breaches in risk thresholds in any of the parameters are observed as per four continuous quarterly financial statements, one of which should be Audited Annual Financial Statement (subject to assessment by RBI); and
 - (2) based on supervisory comfort of RBI, including an assessment on sustainable improvement in key financials of the UCB.
11. When a UCB is placed under PCA, one or more of the following corrective actions may be prescribed:

Mandatory and Discretionary Actions		
Specifications	Mandatory Actions	Discretionary Actions
Risk Threshold 1	i. UCB to raise capital either from existing members or by issuance of equity and other permissible capital instruments ii. Restriction on declaration / payment of dividend / donation iii. Appropriate restrictions on capital expenditure, other than for technological upgradation	Common menu - Actions pertaining to: i. Special Supervisory Actions ii. Strategy related iii. Governance related iv. Capital related v. Credit risk related vi. Market risk related vii. HR related viii. Profitability related ix. Operations / Business related x. Imposition of All Inclusive Directions / Cancellation of Banking License
Risk Threshold 2	In addition to mandatory actions of Threshold 1, i. Restriction on branch expansion	
Risk Threshold 3	In addition to mandatory actions of Thresholds 1 & 2,	



Mandatory and Discretionary Actions		
Specifications	Mandatory Actions	Discretionary Actions
	i. Appropriate restrictions/ prohibition on expansion of total size of the deposits	xi. Any other

12. Details on the common menu for selection of Discretionary Corrective Actions are as hereunder:

(1) Special Supervisory Actions

- (i) Special Supervisory Monitoring Meetings at quarterly or other identified frequency.
- (ii) Special inspections / targeted scrutiny of the UCB.
- (iii) Cause a special and / or additional audit of the UCB under the extant supervisory mechanism and / or through external auditors.
- (iv) Resolution of the UCB by Amalgamation or Reconstruction [Reference: Section 45 of the Banking Regulation Act 1949 (BR Act)].

(2) Strategy related Actions

RBI to advise the Board of UCBs to:

- (i) activate the Action Plan that has been duly approved by the supervisor;
- (ii) review the progress under the Action Plan on quarterly / monthly basis and submit the post-review progress report to RBI;
- (iii) undertake a detailed review of business model in terms of its sustainability, profitability of business lines and activities, and medium and long-term viability;
- (iv) review short term strategy focusing on addressing immediate concerns;



- (v) review medium term business plans, identify achievable targets, and set concrete milestones for progress and achievement;
- (vi) undertake business process reengineering as appropriate;
- (vii) undertake restructuring of operations as appropriate;
- (viii) restrict expansion of size of the balance sheet; and
- (ix) explore merger option if steps taken by it do not appear to be yielding the desired results; seeking a Board-approved proposal for merging the UCB with another bank or converting itself into a credit society.

(3) Governance related Actions

- (i) RBI to actively engage with the UCB's Board on various aspects as considered appropriate.
- (ii) RBI to remove managerial persons under relevant provisions of the BR Act as applicable.
- (iii) RBI to supersede the Board under Section 36AAA of the BR Act (AACS).
- (iv) RBI to appoint Additional Directors on the Board under relevant provisions of the BR Act as applicable.
- (v) RBI to impose other restrictions or conditions permissible under the BR Act.

(4) Capital related Actions

- (i) Detailed Board level review of capital planning - UCB to submit a Board-approved Action Plan for increasing CRAR to minimum regulatory requirement or above within 12 months.
- (ii) Submission of plans and proposals for raising additional capital.
- (iii) Requiring the UCB to bolster reserves through retained profits.



- (iv) Restriction on investment in non-core business activities / concerns.
- (v) Restriction in expansion of high risk-weighted assets to conserve capital.
- (vi) Reduction in exposure to high risk sectors to conserve capital.
- (vii) Restrictions on increasing stake in non-core business activities / concerns.

(5) Credit Risk related Actions

- (i) Preparation of time-bound plan and commitment for reduction of stock of NPAs - UCB to submit a Board-approved Action Plan for reducing its Net NPAs below the Risk Threshold 1.
- (ii) Preparation of and commitment to plan for containing generation of fresh NPAs.
- (iii) Higher provisions for NPAs / Non-Performing Investments and as part of the coverage regime.
- (iv) Strengthening of loan review mechanism.
- (v) Restrictions / reduction in total credit risk weight density (e.g. restriction / reduction in credit for borrowers below certain rating grades, restriction on fresh loans and advances carrying risk-weights more than 100 per cent and / or beyond the specified limit, restriction / reduction in unsecured exposures).
- (vi) Reduction in loan concentrations in identified sectors, industries or borrowers; Curtailment of sanction / renewal of credit facilities to sectors / segments having high proportion of NPAs / defaults.
- (vii) Reduction in exposure limits for fresh loans and advances.
- (viii) Sale of non-banking assets.
- (ix) Reduction in high risk-bearing assets.



- (x) Avoiding renewal of limits for defaulting borrowers.
- (xi) Action plan for recovery of assets through identification of areas (geography-wise, industry segment-wise, and borrower-wise) and setting up of dedicated Recovery Task Forces and Lok Adalats.
- (xii) Prohibition on expansion of credit / investment portfolios other than investment in government securities / other High-Quality Liquid Investments.

(6) Liquidity / Market Risk related Actions

- (i) Restrictions on dealings / reduction in borrowings from the inter-bank market.
- (ii) Restrictions on accessing / renewing wholesale deposits / costly deposits.
- (iii) Prohibition on expansion of size of the deposits.
- (iv) Improving liquid assets to short term liabilities ratio.

(7) HR related Actions

- (i) Restriction on staff expansion.
- (ii) Review of specialized training needs of existing staff.

(8) Profitability related Actions

- (i) Appropriate restrictions on capital expenditure.
- (ii) Restrictions / reduction in variable operating costs.

(9) Operations related Actions

- (i) Measures for reduction in interest and operating / administrative expenses.
- (ii) Restrictions on branch expansion plans.



- (iii) Reduction in non-core business activities.
- (iv) Restrictions on entering into new lines of business.
- (v) Reduction in leverage through reduction in non-fund-based business.
- (vi) Reduction in risky assets.
- (vii) Restrictions on non-credit asset creation.
- (viii) Restrictions in undertaking businesses as specified.
- (ix) Restriction / reduction of outsourcing activities.
- (x) Restrictions on new borrowings.
- (xi) Identifying and closure of loss making / non-remunerative / unviable businesses.
- (xii) Restrictions on entering specified business.
- (xiii) Rationalise branches, closing down or merging loss-making branches to the extent feasible.

(10) Other Actions

- (i) Any other specific action that RBI may deem fit considering specific circumstances of the UCB.



Chapter IV - Fair Practices Code - Charging of Interest

13. The UCB, in the interest of fairness and transparency, shall review its practices regarding mode of disbursement of loans, application of interest and other charges, charging of Equated Monthly Instalments (EMIs), and take corrective action, including system level changes, as may be necessary, to address unfair practices, some of which are briefly explained below:
 - (1) Charging of interest from the date of sanction of loan or execution of loan agreement and not from the date of actual disbursement of funds to the customer. For loans disbursed by cheque, charging interest from the cheque date while handing over the cheque to the customer several days later.
 - (2) Charging of EMIs on the sanctioned loan amount rather than on the actual disbursed amount, without the knowledge or consent of the borrower.
 - (3) Any changes in the amortisation schedule originally provided in the Key Facts Statement (KFS), with each part-disbursement of loan, not being communicated to the borrowers.
 - (4) In case of disbursement or repayment of loans during a month, charging interest for the entire month rather than charging interest only for the period for which the loan was outstanding.
 - (5) Collecting one or more instalments in advance but reckoning the full loan amount for charging interest.
14. These and other such non-standard practices of charging interest are not in consonance with the spirit of fairness and transparency while dealing with customers. These are matters of serious concern to RBI.
15. The UCB may use online account transfers in lieu of cheques for loan disbursement.



Chapter V - Nomination Facility

16. The UCB shall obtain nomination in case of all existing and new eligible customers having deposit accounts, safe custody articles, and safety lockers, as the case may be, to avoid inconvenience and undue hardship to survivors / family members of deceased depositors, in accordance with relevant provisions of the [Reserve Bank of India \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025](#).
17. The Board of Directors / Customer Service Committee (CSC) of the Board of the UCB shall review, on a periodic basis, the achievement of nomination coverage.
18. The UCB shall also report the progress on nomination coverage to the SSM, RBI through DAKSH portal on a quarterly basis.
19. The UCB shall suitably sensitise its frontline staff in the branches for obtaining nomination as well as appropriate handling of claims of deceased constituents and dealing with nominees / legal heirs. The UCB shall modify the Account Opening Forms suitably (if not already done) with provision for the customers to avail or opt out of nomination facility.
20. The UCB, in addition to directly notifying the customers, shall publicise the benefits of using the nomination facility through various media, including launching periodical drives towards achieving a full coverage of all eligible customer accounts.



Chapter VI - Fraud Prevention Measures

From time to time, RBI has constituted various committees such as the Ghosh Committee, Gilani Committee, and Narang Committee, to examine different aspects relating to frauds and malpractices in banks and to recommend measures for their prevention and early detection. Based on the recommendations of these committees, RBI has, over the years, issued several guidelines to banks aimed at strengthening internal controls, enhanced monitoring in sensitive areas of banking operations, and curbing the occurrence of frauds. The key fraud preventive measures covered under these guidelines are outlined below.

A. Co-ordination among various agencies

21. The UCB shall closely coordinate among its internal inspection / audit set up, Personnel Department and Discipline Cell for effective discharge of their responsibilities.
22. The UCB shall strictly conduct simultaneous departmental enquiry on the banking lapses along with Central Bureau of Investigation by segregating the charges against the errant employee. The UCB shall effectively co-operate and co-ordinate with different agencies and other UCBs / banks.
23. The Vigilance Cell at Head Office should have exclusive officials entrusted with field jobs i.e., investigating the complaints, meeting the complainants, having liaison with other outside agencies viz. Police and Central Bureau of Investigation.

B. Legal and administrative measures

24. The antecedents of all persons selected for appointment in the UCB should be carefully verified irrespective of the cadre in which they are appointed. In case of persons, who were earlier working in other organisations, careful enquiry should be made to ascertain the reasons for the change and their performance record and reputation in the earlier organisation should be verified. The confidential reports recorded on staff members should give a clear-cut assessment of their work and conduct.



25. The UCB shall have a system of rotation of duties of staff at periodical intervals. The Vigilance Department of the UCB shall obtain a certificate from the Personnel Department every half-year, that the officer and non-officer staff in the operational areas have been rotated at the prescribed intervals. Transfer of all categories of staff members from a branch, once in every three / five years should be made compulsory. In case there is only one branch in a centre, the staff should be transferred to an adjacent centre. It should be ensured that all employees proceed on ordinary / privilege leave at reasonable intervals. Such instructions should cover personnel in Dealer Rooms, Investments / Treasury Departments, and service branches.
26. All employees of the UCB should be made aware of the essential safeguards which should be observed in the discharge of their duties. Desk cards should be prepared for different types of work, which should clearly lay down the duties which an employee has to discharge while attached to a particular desk and the responsibilities attached thereof. The employees should certify that they had gone through the instructions contained in the desk card.
27. The UCB should designate one of its senior officers as a Compliance Officer, with the approval of its Board, who shall ensure that various items of work in different Departments are carried out strictly in accordance with systems and procedures laid down by the UCB. The Compliance Officer should ensure that all RBI and its Board's instructions are meticulously observed and be made responsible for any irregularity arising out of deviation from the laid down rules. Employees should be required to shoulder an unduly heavy load of work which would force them to disregard essential safeguards.
28. The UCB shall lay down the financial and administrative power of its officials. The abuse of power and gross violations should be clearly defined for proper accountability. The sanctioning power, six months prior to the retirement of any official, should be exercised by them jointly with the next higher authority. Performance Appraisal System should be strengthened to encourage genuine performance side by side with observance of systems and procedures.



C. Precautions and Safeguards

C.1 Cash and valuables

29. Entry to the cash cabin shall be restricted to cash handling personnel only. The guarding of vault arrangements should be made foolproof. The dual custody of cash / valuables and their surprise verification at irregular intervals by other than the joint custodians should be meticulously followed. The antecedents of personnel handling cash transactions should be thoroughly checked. Handling / taking over the custody of cash while taking out / keeping inside the safe rooms, giving cash for sorting, checking, remittances (inward / outward) should be immediately recorded in the prescribed cash transit registers duly signed both by the persons handing over and taking custody indicating time of transactions.
30. The staff members who are responsible for custody, handling movement of cash should not attend to enquiries and engage in conversation while discharging their duties. All enquiries should be directed to enquiry counters of the branch.
31. The cash given to the cashiers should be so regulated as to meet the average requirements. The surprise checking should be done at frequent intervals.
32. The cash should not be tendered or received other than in the Cash Departments and cashier should not be permitted to issue counterfoils without second officer's signature. Cashiers should not be allowed to make entries in pass books. Before making payment, the paying cashier should ensure that the token as well as signature of the person / party is obtained invariably.
33. The UCB shall maintain a system for ensuring that no branch maintains unduly large cash balance. Cash in safe, at counters and remittance should be fully insured. For cash remittances, proper record of receipt and delivery of cash both inter-branch and inter-bank vis-a-vis adequate security thereof should be maintained. Further, the statement showing the remittance, to the controlling office should be promptly submitted for their information / scrutiny and record. Non-submission of such returns should be viewed seriously by controlling offices.



34. The UCB shall maintain a suitable system for adequate security and custody of cash and other valuables at larger branches and branches in the dacoity / terrorist attack prone areas. The UCB may consider the desirability of having a joint security plan for a cluster of branches in such areas to ensure safety of all their valuables during and after office hours. The branch managers and other officials shall have proper and effective liaison with the police authorities in their areas.

C.2 Negotiable Instruments

35. Issue and payment of drafts, pay orders, and travellers' cheques, in excess of ₹50,000 should be only by debit to /credit of the constituent's account and not by cash. Any doubtful case should be immediately brought to the notice of higher authorities to enable them to advise Income Tax authority.
36. Access to vouchers should be allowed only on written requisition of the Manager and proper record should be maintained of the time and date of release and returns, besides the name of the concerned official who has requisitioned them.
37. The subject of verification of signatures / handwriting should be included in the training programme of the employees of the UCB. The study material available with National Institute of Criminology with regard to identification of forged signatures should be made available to the supervisory staff.

C.3 Books of Accounts

38. The UCB should not resort to any block adjustment of old unreconciled entries in inter-branch accounts in order to clear off arrears. Suitable safeguards should be put in place for such accounts such as
- (1) the items of transactions which could be booked under suspense account should be standardised,
 - (2) these accounts should be balanced at periodical intervals and checked by the Branch Manager,



- (3) all debit vouchers should be signed by the Manager, or an Officer specifically authorised by him for the purpose,
 - (4) branches should send a periodical statement of suspense items specifying the reasons for non-adjustment for large and long outstanding items,
 - (5) the differences arising out of non-balancing of books should not be allowed to be transferred to suspense accounts as a matter of routine,
 - (6) all clearing records should be properly preserved to prevent destruction / tampering by staff members, and
 - (7) the internal inspector / Regional Manager should scrutinise the suspense account during inspection / visit and give specific instructions for early reversal of entries.
39. The UCB shall take steps for the speedy and timely balancing of books of accounts and reconciliation of inter-branch accounts besides improving the existing arrangements and introduction of mechanisation. It should be stipulated that all branches of the UCB have to clear the outstanding entries above a cut-off point (of say ₹2 lakh) expeditiously and should not be allowed to remain outstanding for more than a month. All transactions by branches by telegram, telex for entries of value of ₹2 lakh should be reported. The senior management of the UCB should review the position regularly and fix accountability for non-reconciliation of entries. In exceptional cases, a special squad may be constituted to set right such entries.

C.4 Immovable Property and Stationery

40. All premises transactions should be undertaken only with the approval of the Board / Management Committee of the Board of the UCB. The UCB may take the services of engineers on deputation from Central Public Works Department (CPWD) or State PWD, in their Premises Department for effectively assisting in examining the proposals, purchase, hiring of the premises.
41. The UCB shall maintain separate records for large deals giving the details and consideration weighed in awarding the contracts. The internal inspection



machinery as also the Vigilance Department should scrutinise them and ensure that the deals have been made in the interest of the UCB.

42. In case of items like furniture and fixtures, and stationery,
- (1) there should be a system of obtaining quotations from as many vendors / suppliers;
 - (2) the proper use of delegated authorities at various levels and a reporting system should be ensured;
 - (3) the officials handling these portfolios should be normally rotated after two to three years; and
 - (4) proper inventory of dead stock articles, stationery should be maintained and subjected to surprise check at periodical intervals by the officials of the branch as also internal inspectors.

C.5 Computerised Branches

43. For every computer installation, viz., AELPM branch, completely mechanised branch, dealer room, EDP centres, or Head Office Departments, at least two persons should be charged with the duties of System administration and Database administration and processing. Their duties should be spelt out clearly and necessary backup officers should be trained and kept ready.
44. Rotation of duties across computerised offices / branches should be ensured in such a way that while the acquired skills are not wasted, access to those applications whose programmes have been developed by concerned persons, is denied to them. Also, it should be ensured that this segregation is observed in subsequent rotations / postings.
45. The UCB at its Head Office, shall maintain a library containing authenticated manuals and documentations for system software and application software programmes with their source codes and hardware manuals.



46. The UCB should establish procedures for convening sensitive control information such as limits, drawing power, interest rates, charges, and forex rates by the concerned divisions to Computer section.
47. Uninterrupted power supply should be ensured.
48. Backup of files should be taken up at periodical intervals and kept at a nearby office.
49. Areas such as sundry / suspense accounts, service branches, Vostro / Nostro reconciliation, and drafts payable should be computerised. Periodical balancing with General Ledger should be compulsory in respect of computer systems as well.

D. Insurance

50. The UCB may obtain insurance cover in respect of particular risks within the UCB, for some of the risks, such as cost of replacing data, software and equipment. It may also insure against the consequential losses to the UCB following damage to computer resources and consequent business interruption. However, insurance should not be regarded as a substitute for a good control mechanism. The UCB may also identify types of losses which are not covered by insurance and lay greater emphasis on control mechanism in respect of such areas as a matter of policy.

E. Snap Inspections

51. Quarterly snap inspections of the branches should be made by the branch level senior officers and / or by Zonal Office / Regional Office officers, to especially verify whether drawing power / limit and interest rates are correctly entered.

F. Other Instructions

52. The UCB shall inform the employer bank / UCB, whenever an employee of another bank / UCB opens an account with them. Whenever an employee of the UCB opens account with a branch other than that of his posting, the fact should be brought by the account opening branch to the notice of the latter.



53. The UCB shall make it incumbent on the part of its staff members to intimate in writing about opening of account by them and their dependents. For this purpose, the UCB shall discuss the matter with its workmen / employee unions.
54. The UCB shall have a system of sending facsimile / copy of the draft issued to the drawee branch / bank / UCB for values beyond a cut-off point (which may be decided by the UCB itself), in lieu of sending separate draft advices, wherever feasible.
55. The UCB shall invariably report all cases of frauds on itself, whether committed by outsiders on their own or with the connivance of UCB's officials and the cases of frauds committed by UCB's officials themselves, to the investigating agencies, or file criminal cases with Courts wherever appropriate, immediately after it concludes that a fraud has been perpetrated.



Chapter VII - Vigilance

56. The UCB shall implement certain preventive measures in addition to the usual roles of detective and punitive vigilance. These measures should include:

- (1) a detailed examination of the existing organisational set up and procedures with a view to eliminating or minimising factors which provide opportunities for corruption or malpractices;
- (2) planning and enforcement of regular inspections, surprise visits for detecting failures in quality and speed of work which would be indicative of the existence of corruption or malpractices;
- (3) location of sensitive spots, regular and surprise, inspections of such spots and proper scrutiny of personnel who are posted in sensitive posts which involve dealings, with members of the public on a considerable scale;
- (4) maintaining proper surveillance on officers of doubtful integrity and officers who are on the 'Agreed' list; and
- (5) ensuring prompt observance of Conduct Rules relating to integrity covering (i) statements of assets and acquisitions, (ii) gifts (iii) relatives employed in private firms or doing private business (iv) benami transactions.
- (6) The disciplinary cases should be disposed of very quickly. There should be a system by which delayed cases are reported to the Board on a quarterly basis giving full details and the reasons for the delay.
- (7) The UCB shall examine the system of sanction, disbursement and supervision, and evolve clear cut systems which would enable fixing of responsibility quickly. All cases of advances showing sticky tendencies above a cut-off point should invariably be scrutinised by the Chief Vigilance Officer and his advice on the course of action should be put up to the Chairman / Managing Director who should place it before the Audit Committee of the Board.



- (8) The UCB should examine the need for introducing a separate section of internal inspection machinery to scrutinise credit portfolio only. (The practice of posting inefficient and personnel of doubtful integrity in Internal Inspection / Audit Department may be discontinued). The UCB shall staff this section with competent and experienced personnel who will make an in-depth examination of the credit portfolio. This section should have the responsibility to particularly scrutinise larger accounts and group exposures. Apart from competent officials to man the section, the section should be under the charge of a senior personnel reporting directly to Chairman / Managing Director. The summary of important findings should also be put up to the Audit Committee of the Board.
- (9) A Committee of the Board of Directors or top executives (excluding the executives in charge of that Department) should scrutinise the approved proposals for acquisition of premises, award of contracts for purchase and printing of the stationery and such similar areas where malpractices can occur.



Chapter VIII - Repeal and Other Provisions

A. Repeal and Saving

57. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to areas covered in these Directions as applicable to Urban-Co-operative Banks stand repealed, as communicated vide [circular no. DoS.CO.PPG.66/11.01.005/2026-27 dated July 31, 2026](#). The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.
58. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these directions, instructions, or guidelines shall not in any way prejudicially affect:
- (1) any right, obligation or liability acquired, accrued, or incurred thereunder;
 - (2) any penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;
 - (3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those directions, instructions, or guidelines had not been repealed.

B. Application of Other Laws Not Barred

59. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.



C. Interpretations

60. For the purposes of giving effect to the provisions of these Directions or for removing any difficulties in their application or interpretation, RBI may, if it deems necessary, issue such clarifications as it considers appropriate in respect of any matter covered herein. The interpretation of any provision of these Directions by RBI shall be final and binding on all concerned entities.

(Tarun Singh)
Chief General Manager