



भारतीय रिज़र्व बैंक  
**RESERVE BANK OF INDIA**  
www.rbi.org.in

---

**RBI/2008-09/469**

UBD.CO.LS.Cir.No. 66 /07.01.000/2008-09

May 6, 2009

All Primary (Urban) Cooperative Banks

Dear Sir/Madam

**Annual Policy Statement for the year 2009-10-  
Extension of Area of Operation (AOO)-Liberalisation**

Please refer to para 163 of the Annual Policy Statement 2009-10 (copy enclosed) in terms of which, it has been decided to permit extension of area of operation to well-functioning Primary (Urban) Cooperative Banks (UCBs) in the States that have signed MoUs with the Reserve Bank . As per the extant guidelines, extension of area of operation beyond the districts adjoining the district of registration is not permitted. The matter has since been reviewed and in order to provide avenues for organic growth to sound and well functioning uni-state Tier II UCBs, it has been decided to liberalise and modify the existing norms further.

2. RBI will henceforth consider requests for expansion of area of operation to the entire state from licensed Tier II UCBs registered in states that have entered into MoU with Reserve Bank and are classified as Grade I as per the last statutory inspection and / or conforming to the financials of a Grade I bank as per the latest audited reports. While considering such applications, RBI will give due consideration to system of internal controls prevailing in the bank and supervisory comfort.

3. In respect of Tier I UCBs, the existing norms will continue to be applicable.

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: rbiubdco@rbi.org.in

#

---

#



4. For the purpose of classification of UCBs into Tier I and II, the following definition may be adopted hereafter for all regulatory purposes in supersession of instructions contained in circular [UBD \(PCB\) Cir.No.35/09.20.001/07-08](#) dated March 7, 2008:

**(a) Tier I banks:**

- i) Banks having deposits below Rs.100 crore operating in a single district,
- ii) Banks with deposits below Rs.100 crore operating in more than one district will be treated as Tier I provided the branches are in contiguous districts and deposits and advances of branches in one district separately constitute at least 95% of the total deposits and advances respectively of the bank, and
- iii) Banks with deposits below Rs.100 crore, whose branches were originally in a single district but subsequently, became multi-district due to reorganisation of the district may also be treated as Tier I.

**(b) Tier II banks:** All other banks.

The deposit and advances as referred to in the definition may be reckoned as on 31st March of the immediate preceding financial year.

5. UCBs desirous of extending their area of operation as above may approach the Regional Offices concerned of Reserve Bank for prior approval.

Yours faithfully

(Uma Shankar)  
Chief General Manager

Encl. as above



## **Annual Policy Statement for the year 2009-10 (Para 163)**

### **a) Area of Operations of UCBs**

In order to facilitate the growth of well-functioning urban cooperative banks (UCBs) in States, which enter into Memorandum of Understanding (MoU), it is proposed:

- to permit extension of area of operation of Tier II UCBs in Grade I to the entire State of Registration with the prior approval of the Reserve Bank.