



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



RBI/2022-23/144

DOR.REG.No.84/07.01.000/2022-23

December 01, 2022

Madam / Sir

**Revised Regulatory Framework - Categorization of Urban Co-operative Banks (UCBs) for Regulatory Purposes**

Given the heterogeneity in the cooperative sector, a tiered regulatory framework is required to balance the spirit of mutuality and co-operation more prevalent in banks of smaller sizes and those with limited area of operation vis-à-vis the growth ambitions of the large-sized UCBs to spread their area of operation and undertake more complex business activities.

2. The Reserve Bank of India had constituted the [Expert Committee on Urban Co-operative Banks](#) to examine the issues in urban cooperative banking sector and to review regulatory/ supervisory approach for strengthening the sector. Based on the recommendations of the Expert Committee, RBI had released the [Revised Regulatory Framework for Urban Co-operative Banks \(UCBs\) on July 19, 2022](#).

3. Accordingly, it has been decided to adopt a four-tiered regulatory framework, as against the existing two-tiered framework, for categorization of UCBs. Going forward, this categorization may be used for differentiated regulatory prescriptions aimed at strengthening the financial soundness of the UCBs.

4. The categorization of UCBs, based on their deposit size, is enclosed in [Annex](#).

**Commencement**

5. The instructions shall be applicable with immediate effect.

**Applicability**

6. This circular is applicable to all Primary (Urban) Co-operative Banks.

(Prakash Baliarsingh)  
Chief General Manager

**Revised Regulatory Framework - Categorization of Urban Co-operative Banks  
(UCBs) for Regulatory Purposes**

The UCBs have been categorized into following four tiers for regulatory purposes:

- a) Tier 1 - All unit UCBs and salary earners' UCBs (irrespective of deposit size), and all other UCBs having deposits up to ₹100 crore;
- b) Tier 2 - UCBs with deposits more than ₹100 crore and up to ₹1000 crore;
- c) Tier 3 - UCBs with deposits more than ₹1000 crore and up to ₹10,000 crore;
- d) Tier 4 - UCBs with deposits more than ₹10,000 crore.

2. The deposits referred to above shall be reckoned as per audited balance sheet as on 31st March of the immediate preceding financial year.

3. If a UCB transits to a higher Tier on account of increase in deposits in any year, it may be provided a glide path of upto a maximum of three years, to comply with higher regulatory requirements, if any, of the transited higher Tier.

4. The following instructions/circulars stand repealed on the issue of this circular

<b>Sl. No.</b>	<b>Circular No.</b>	<b>Date</b>	<b>Subject</b>
1.	<a href="#">UBD.CO.LS.Cir.No.66/07.0 1.000/2008-09</a>	May 06, 2009	Para 4 of circular on "Annual Policy Statement for the year 2009-10 - Extension of Area of Operation (AOO)- Liberalisation" containing the definition of Tier 1 and Tier 2 banks.
2.	<a href="#">UBD (PCB).Cir.No.35 /09.20.001/07-08</a>	March 07, 2008	Circular on Classification of UCBs for Regulatory Purposes - Revised Norms

5. The following circular contains existing Guidelines/Directions by the Reserve Bank of India on Categorization of UCBs.

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1.	<a href="#">UBD.CO.LS.Cir.No.66/07.0 1.000/2008-09</a>	May 06, 2009	Annual Policy Statement for the year 2009-10 - Extension of Area of Operation (AOO)-Liberalisation