



Role of directors of Urban Co-operative Banks (UCBs) – Do's and Don'ts

Board of Directors of a UCB is the apex policy setting body and is responsible for its general direction and control. The directors have a very important role to play in efficient management of UCBs. Apart from the overall knowledge of the sector, they are expected to have a high level of integrity. Further, directors need to work in a cohesive manner and provide proper leadership for the smooth and efficient management of the affairs of the UCB. This calls for a certain degree of professionalism in the directors.

RBI has, therefore, prescribed a list of do's and don'ts for guidance of the directors of UCBs. The list is illustrative and not exhaustive.

A. DO's -

Discipline & Involvement:

The directors should:

- Attend the board meeting regularly and effectively and work in a spirit of co-operation.
- Study the board papers thoroughly and ask for clarifications.
- Insist for the board papers and follow up reports on a definite time schedule.
- Be familiar with bank's broad objectives and guidelines of RBI, RCS and other authorities.
- Actively involve themselves in formulation of various policies and also ensure that performance of the bank is monitored adequately at board level.

B. Constructive & Development Role:

The directors should:

- Welcome all constructive ideas for the better management of the bank.
- Guide the bank with their knowledge and wisdom.
- Take initiatives to improve customer service.
- Work as a team and not sponsor or be prejudiced against individual proposals.

C. Business Specific Contribution:

The directors should ensure:

- Compliance with the general guidance and directions issued by RBI/ RCS.
- Adherence to RBI guidelines regarding maintenance of CRR/ SLR, lending to priority sector/ weaker sections, IRAC and provisioning of advances etc.



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- Efficient management of funds and improving profitability
- Timely recovery of non-performing advances.
- Review of action taken on RBI inspection, statutory audit and other audit reports.
- Strengthening of the internal control system and housekeeping.
- Adoption of technology for efficient functioning of the bank

D. DON'TS

Non-Interference:

The directors should not:

- Interfere with the day-to-day functioning of the bank.
- Involve themselves in the routine or everyday business and in the management functions.
- Send instructions/directions to any individual officer/employee of the bank in any manner.

E. No Sponsorship:

The directors should **not**

- Sponsor any loan proposal, building and sites for bank's premises, enlistment or empanelment of contractors, architects, doctors, lawyers, etc.
- Approach or influence for sanction of any kind of loan or related facility.
- Participate in the board discussions, if a proposal in which they are directly or indirectly interested, comes up for discussions.
- Interfere in the process of selection/ appointment/ promotion or in transfers of staff.
- Encourage the individual officer/employee or unions approaching them in any matter.

F. Confidentiality

- The directors should maintain the oath of secrecy and confidentiality.
- The directors are expected to ensure confidentiality of the bank's agenda papers/notes.

G. Periodical Reviews:

The directors should bestow their attention on the periodical reviews on important aspects of bank's working. An illustrative list of the reviews which should receive the attention of the directors is provided in the RBI master circular on 'Board of Directors of UCBs' which may be referred to by the banks for preparing and putting up the reviews on a monthly, quarterly, half-yearly and yearly basis.