The Managing Directors, All State Cooperative Banks

The Chief Executive Officers, All District Central Cooperative Banks


As you are aware, the return on Matrix of Policies was introduced to ensure continuous monitoring of the status of implementation of various policies in banks. Further, the banks were also advised to review the implementation of each of the policies, initiate necessary action wherever required and update the position on half-yearly basis in the ENSURE portal within the prescribed time frame.
3. As it has been more than a year since the introduction of this return, a review of the Matrix of Policies was undertaken to include instructions issued by RBI / NABARD after 31 March 2020 and also to revise the due date for submission of the return on the lines of OSS returns. The revised return has now been published in ENSURE portal and the banks were advised vide our email dated 06 April 2022 to submit the return for the period ending 31 March 2022 within due date.

4. The return on MoP has been revised to incorporate the below:

a) **Existing policies**: Updated to include compliance to all instructions;

b) **New policies**: Issued after 31 March 2020 has been included;

c) **Periodicity of the return**: Half-yearly (period ending 30 September / 31 March)

d) **Due Date**: Within 15 days from the half year ended on 30 September / 31 March

e) **Submission by**: The Compliance Officer of the bank

5. The revised return for the half-year ending 31 March 2022 may be submitted by 15 May 2022 and from September 2022 onwards, the return should be submitted within 15 days. We advise you to review the position of implementation of each of the policies, initiate necessary action wherever required and update the position in the ENSURE portal, within the prescribed timeframe.

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6. Adoption and implementation of various policies / procedures / guidelines will be reviewed by NABARD as part of on-site / off-site inspection / monitoring and in case of non-adherence / non-compliance, NABARD will initiate the following course of action:

(i) **1 year for non-compliance:**
   - 30 September 2022: Bank to issue a letter of caution to the bank with instructions to achieve 100 percent compliance by 30 September 2022.

   **Non-compliance for 1 year:** Issue letter of caution to the bank with instructions to initiate action for achieving 100 percent compliance by 30 September 2022.

(ii) **2 years for non-compliance:**
   - 30 September 2022: Bank to issue a letter of displeasure to the Supervised Entity (SE) with instructions to devise an action plan, wherever required for achieving 100 percent compliance by 30 September 2022, failing which supervisory action will be recommended against the bank.

   **Non-compliance for 2 years:** Issue letter of displeasure to the Supervised Entity (SE) with instructions to devise an action plan, wherever required for achieving 100 percent compliance by 30 September 2022, failing which supervisory action will be recommended against the bank.

(iii) **More than 2 years for non-compliance:**
   - NABARD will recommend supervisory action / punitive action against the bank to RBI which in turn will affect the Supervisory Rating of the bank.

7. Keeping in view the above, you are advised to place the circular before the Board of Directors in its next meeting and apprise them of the status of implementation of each policy. Further, the banks may prepare an action plan, wherever required, for achieving 100 percent compliance by **30 September 2022** and place the same before its Board for further direction / guidance in the matter.
8. We advise that the progress in the implementation of these policies is being closely monitored by the Board of Supervision (BoS) in NABARD and RBI. As non-adherence / non-compliance to policy directions issued by RBI / NABARD necessitate recommending punitive action against the banks, you are therefore, advised to initiate remedial action on gaps in policy implementation immediately.

9. Please acknowledge receipt of this circular to our Regional Office concerned.

भवदीय

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(के. एस. रघुपति)
मुख्य महाप्रबंधक