



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

RBI/2025-26/<>

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**Reserve Bank of India (Urban Co-operative Banks – Concentration Risk Management) – Amendment Directions, 2026 – Draft for comments**

Please refer to [Reserve Bank of India \(Urban Co-operative Banks – Concentration Risk Management\) Directions, 2025](#) (hereinafter referred to as ‘the Directions’).

2. On a review, in exercise of the powers conferred by the Sections 21 and 35A read with Section 56 of the Banking Regulation Act, 1949; and all other provisions / laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. The Amendment Directions modifies the Directions as under:

(1). In ‘Chapter I - Preliminary’ of the Directions, the following modifications shall be effected in Paragraph 4:-

(i) Sub-paragraph (6) shall be substituted with following sub-paragraph:

**‘Unsecured advances’** shall mean advances, or a portion thereof, not covered by the realisable value of a security (primary as well as collateral) to which the UCB has a valid recourse.

*Explanation 1:* The realisable value of security shall be estimated on a realistic basis.

*Explanation 2:* Clean overdrafts; loans against personal guarantee; clean bills purchased or discounted; cheques purchased; and drawals allowed against cheques sent for collection shall be treated as unsecured advances.

*Explanation 3:* Advances granted to salaried employees against personal guarantee may be treated as secured advances if the Co-operative Societies Act of the State concerned contains an obligatory provision for deduction of



periodical loan instalments by the employer out of the employee's salary / wages to meet the UCB's claims, and the UCB has implemented this provision in respect of each of such advances.

*Explanation 4:* Advances against inland D/A bills, including those which are not drawn under letters of credit, having a usance of not exceeding 90 days shall not be treated as unsecured advances.

*Explanation 5:* Advances against receivables, shall not be treated as unsecured advances as long as such receivables are not overdue for more than 30 days.

(ii) In sub-paragraph (7), after the words 'temporary period', the words 'subject to a maximum period of three years' shall be inserted.

(2). In 'Chapter II – Exposure Norms' of the Directions, the following modifications shall be effected:

(i) Paragraph 19 shall be replaced with following paragraph:

The aggregate unsecured loans and advances granted by a UCB to its members shall not exceed 20 per cent of its total loans and advances as per the audited balance-sheet as on March 31 of the preceding financial year.

*Provided that* additional unsecured advances above this prudential ceiling shall be permitted only in respect of priority sector eligible loans, subject to a monetary ceiling of ₹50,000 per borrower.

(ii) Paragraphs 20, 21 and 22 shall be deleted.

(iii) In Paragraph 23, the words 'ranging from ₹0.25 lakh to ₹5 lakh' shall be replaced with the words 'specified in Paragraph 203 of the [Reserve Bank of India \(Urban Co-operative Banks – Credit Facilities\) Directions, 2025](#) (as amended from time to time)'.

(iv) Paragraph 25 shall be replaced with following paragraph:

A UCB may sanction loans to nominal members only if it has an enabling provision in its by-laws (in conformity with the applicable state co-operative



acts) for extending credit facility to nominal members. Subject to the above, a UCB may grant the following loans to nominal members:

- (i) loans for purchase of consumer durables subject to a monetary ceiling of ₹2.5 lakh per borrower;
- (ii) loans against fixed deposit receipts, gold and silver ornaments, life insurance policies, and government securities, within the monetary ceiling as per its Board approved policy.

4. The above amendments shall come into force from October 1, 2026, or an earlier date when adopted by a UCB in entirety. It is clarified that adoption by a UCB in entirety shall entail adoption of amendments contained in these Amendment Directions as well as those contained in the [Reserve Bank of India \(Urban Co-operative Banks – Credit Facilities\) – Amendment Directions, 2026](#).

5. With a view to ensuring non-disruptive implementation of amendments issued vide these Amendment Directions, a UCB is permitted to let its existing loans which are not in conformity with these amendments as on the effective date of these Amendment Directions to run-off till maturity. However, the UCB shall not review/renew such loans/limits after their expiry on same or different terms, even if such renewal is provided in the contract, or enhance the limits sanctioned prior to the date of these Amendment Directions coming into force, unless they are in compliance with amendments issued vide these Amendment Directions.

6. Consequent to the above amendments, corresponding amendment directions viz., [Reserve Bank of India \(Urban Cooperative Banks – Financial Statements: Presentation and Disclosures\) – Second Amendment Directions, 2026](#) have been separately issued.

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