



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2026-27/39

DOR.CRE.REC.29/07-03-005/2026-27

April 29, 2026

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

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 and 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 enabling provisions / laws 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:

3(1). In ‘Chapter I - Preliminary’ of the Directions, the following modifications shall be effected in Paragraph 4:-

(i) Sub-paragraph 4 (6) shall be substituted with following sub-paragraph:

**‘Unsecured advances’** shall mean loans and 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 their personal guarantee may be treated as secured advances, if the UCB has a legally enforceable agreement with the borrower and the employer of the borrower



which ensures deduction of periodic loan instalments by the employer out of the employee's salary / wages to meet the UCB's claims.

*Explanation 4:* Advances against receivables shall be treated as secured advances provided that such receivables *ab initio* have a tenure of not more than 180 days.

(ii) Sub-paragraph 4 (7) shall be substituted with following sub-paragraph:

“**Nominal member**” shall include any person who is a co-parcener or who desires to stand surety for a borrowing member of the bank or who desires to avail of the permitted credit facilities occasionally for a temporary period not exceeding three years. Such person may be enrolled as a nominal member upon his application and on payment of prescribed non-refundable entrance fee, provided that such a person resides or is gainfully engaged in any occupation within the area of operation of the bank. A co-operative society registered under any law shall not be eligible to become a nominal member. The nominal member shall not be entitled to receive a share certificate, audited accounts, annual report and dividend from the UCB. The nominal member shall also not be entitled to attend, participate and vote in the General Meeting and/or Special General Meeting of the Bank.

3(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 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* in cases of UCBs, which are compliant with the Eligibility Criteria for Business Authorization (ECBA), as specified in the [Reserve Bank of India \(Urban Co-operative Banks - Branch Authorisation\) Directions, 2025](#), unsecured advances granted up to ₹50,000 per borrower, which are eligible to



be categorised as priority sector loans, shall not be reckoned for the purpose of computing the above prudential ceiling.

(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 ‘as 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 24 shall be deleted.

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

A UCB may sanction loans to its nominal members only if it has an enabling provision in its by-laws (in conformity with the applicable co-operative societies acts) for extending credit facility to nominal members. Subject to the above, a UCB may grant the following loans to its nominal members:

- (i) loans for purchase of consumer durables subject to a monetary ceiling of ₹2.5 lakh per borrower;
- (ii) loans against deposits, 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.

Vaibhav Chaturvedi  
(Chief General Manager)