

# Simplification of RBI Circulars

## Final Amendment Directions on Revised Lending norms for UCBs

Reserve Bank of India has issued the following Amendment Directions on 29-04-2026

### 1. Urban Co-operative Banks – Concentration Risk Management – Amendment Directions, 2026'

- 1) **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).
  - i. The realisable value of security shall be estimated on a realistic basic.
  - ii. 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**.
  - iii. Advances granted to salaried employees against their personal guarantee may be treated as secured advances, provided employer deduct and remit the periodic installment
  - iv. Advances against receivables (up to tenure 180 days) shall be treated as secured.
- 2) **“Nominal member”** shall include any person who is a co-parcener or surety for a borrowing member of the bank or who wish to avail of the permitted credit facilities occasionally for a temporary period **not exceeding three years**. If such person resides or gainfully engaged in aera operation of bank may be admitted as nominal member of the society by paying non refundable entrance fee.
- 3) A cooperative society will not be to be a nominal member. A nominal member will **not** have right for share certificate, audit reports, deident, attend AGM etc.
- 4) **Exposure Norms of the Directions,**

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.

The limits on unsecured advances (with or without surety) are as under:

Limits for individual Borrower and Group Borrower				
Criteria	UCBs with DTL up to ₹10 Crore	UCBs with DTL above ₹10 crore & up to ₹50 Crore	UCBs with DTL above ₹50 Crore & up to ₹100 Crore	UCBs with DTL above ₹100 Crore
UCBs having CRAR equal to or more than 9%	₹1.00 lakh	₹2.00 lakh	₹3.00 lakh	₹5.00 lakh
UCBs having CRAR less than 9%	₹0.25 lakh	₹0.50 lakh	₹1.00 lakh	₹2.00 lakh

- 5) A UCB may sanction loans to its nominal members only if it they have provision in there by-laws 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.

The above amendments shall come into force from October 1, 2026, or an earlier date when adopted by a UCB in entirety.

## 2. Urban Co-operative Banks – Credit Facilities – Amendment Directions, 2026

### 1) Tenor of and moratorium on Housing Loan

- i. Tier 1 and Tier 2 UCBs, the tenor of housing loans shall be up to 20 years, including any moratorium period.
- ii. Tier 3 and Tier 4 UCBs are permitted to determine the tenor of housing loans, including moratorium period, as per their Board – approved policies.
- iii. The credit policy of a UCB should, at a minimum, specify risk management and pricing strategies for housing loans considering inter alia the life expectancy of the borrower and the relatively longer duration of these exposures.
- iv. Moratorium shall not be allowed in loans for acquisition of completed houses.

### 2) Credit facilities against deposits

A UCB shall have a Board approved policy on granting credit facilities against deposits. A UCB shall not sanction credit facility against fixed deposit / term deposit receipts of other banks.

### 3) The limits on unsecured advances to a single borrower, shall be as under:

Category of UCB	Limit on unsecured advances to a single borrower
Tier 1	₹5 lakh
Tier 2	₹7.5 lakh
Tier 3 & 4	₹10 lakh

The above amendments shall come into force from October 1, 2026, or an earlier date when adopted by a UCB in entirety.

## 3. Urban Co-operative Banks – Financial Statements: Presentation and Disclosures – Second Amendment Directions, 2026

Disclosure in Financial Statements – Notes to Accounts, a new sub-sub paragraph (ix) shall be inserted under sub-paragraph 10(5) on Exposures, as given below following has been inserted.

**Unsecured advances and to the nominal members to be disclosed as per following table**

S no.	Particulars	Previous year	Current Year
<b>A. Unsecured advances</b>			
1	Aggregate value of unsecured advances sanctioned during the year		
2	Aggregate value of unsecured advances outstanding as on 31 <sup>st</sup> march		
3	Out of Sr. No. 2 above , aggregate unsecured advances of ticket sizes up to ₹50,000 which are eligible as priority sector loans (applicable only for UCBs complying with the Eligibility Criteria for Business Authorization as specified in paragraph 9 of the <u>Reserve Bank of India (Urban Co-operative Banks – Branch Authorisation ) Directions, 2025</u> )		
4	Aggregate value of unsecured advances outstanding (excluding Sr. No. 3 above) as a percentage of total loans and advances as on 31 <sup>st</sup> March		
5	Aggregate value of unsecured advances which are categorized as:		
	(i)Special Mention Accounts as on 31 <sup>st</sup> March		
	(ii)Non-Performing held in respect of unsecured advances as on 31 <sup>st</sup> March		
6	Amount of Provisions held in respect of unsecured advances as on 31 <sup>st</sup> March		
<b>B. Lending to nominal members</b>			
7	Aggregate value of loans to nominal members sanctioned during the year		
8	Aggregate value of loans to nominal members outstanding as on 31 <sup>st</sup> March		
9	Total number of nominal members as on 31 <sup>st</sup> March		
10	Total number of nominal members as a percentage of regular members as on 31 <sup>st</sup> March		

**The Above amendments shall come into force from October 1, 2026**

NOT: For more clarity please refer to Amendments