



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2010-11/524

UBD.BPD.(PCB). Cir. No.47/13.05.000/2010-11

May 11, 2011

The Chief Executive Officer,
All Primary (Urban) Cooperative Banks.

Madam / Dear Sir,

**Monetary Policy Statement 2011-12
Exposure to Housing, Real Estate and Commercial Real Estate - Primary
(Urban) Co-operative Banks**

Please refer to [para 2.3.4](#) of our Master Circular UBD.PCB.MC.No.1/13.05.000/2010-11 dated July 1, 2010 on Exposure Norms and Statutory / Other Restrictions and [para 4.7.4](#) of Master Circular UBD.PCB.MC.No. 2/09.22.010/2010-11 dated July 1, 2010 on Finance for Housing Schemes stating that the limit prescribed for lending by UCBs to Housing, Real Estate and Commercial Real Estate may be exceeded to the extent of funds obtained for the purpose from higher financing agencies and refinance from the National Housing Bank. Please also refer to [Circular UBD.BPD. \(PCB\).Cir.No.23/13.05.000/2010-11 dated November 15, 2010](#) advising that the exposure of UCBs to Housing, Real Estate and Commercial Real Estate would be limited to 10 percent of their total assets which could be exceeded by an additional 5 percent of total assets for the purpose of grant of housing loans to individuals for purchase or construction of dwelling units costing up to Rs. 10 lakh.

2. As announced in the Monetary Policy Statement 2011-12 (para 101- extract appended), UCBs would, henceforth, be permitted to lend upto an additional 5 percent of total assets, referred to in para 1 of Circular dated November 15, 2010, for housing loans to individuals upto Rs.15 lakh.

3. It has also been decided that, the provisions contained in para 2.3.4 and para 4.7.4 of Master Circulars dated July 1, 2010, mentioned above, will not be applicable from the date of this Circular.

4. All other instructions regarding grant of loans by UCBs to Housing, Real Estate and Commercial Real Estate sectors, including on computation of total assets, remain unchanged.

Yours faithfully

(Uma Shankar)

Chief General Manager

Encl: 1

Monetary Policy Statement for the Year 2011-12 - (Para - 101)

Exposure of UCBs to Housing, Real Estate and Commercial Real Estate

101. Pursuant to the announcements made in the Second Quarter Review of November 2010, UCBs were permitted to lend up to 10 per cent of their total assets to housing, real estate and commercial real estate and an additional 5 per cent of total assets for purchase and construction of dwelling units costing up to Rs. 10 lakh. Keeping in view the representations received from UCBs and their associations that they are finding it difficult to use the additional limit of 5 per cent of total assets due to the high cost of dwelling units, it is proposed:

- to permit UCBs to utilise the additional 5 per cent of their total assets permitted earlier, for housing loans up to Rs 15 lakh.