



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

RBI/2025-26/49

DoR.CRE.REC.28/07.10.002/2025-26

June 9, 2025

Primary (Urban) Co-operative Banks other than Salary Earners' Banks

Madam / Dear Sir,

**Non-achievement of PSL targets – Prudential treatment of contribution towards eligible funds with NABARD, NHB, SIDBI and MUDRA Ltd.**

**A. Exemption from exposure norms**

In terms of para 2.1 of [circular DOR \(PCB\).BPD.Cir No.10/13.05.000/2019-20 dated March 13, 2020](#) on '*Limits on exposure to single and group borrowers/parties and large exposures and Revision in the target for priority sector lending – UCBs*', the prudential exposure limits for UCBs for a single borrower/party and a group of connected borrowers/parties are specified as 15 per cent and 25 per cent, respectively, of their tier-I capital.

2. On a review, it has been decided that the contribution<sup>1</sup> by UCBs towards eligible funds with NABARD, NHB, SIDBI, MUDRA Ltd., or any other entity specified by RBI, on account of shortfall in PSL targets shall not be included while computing the aggregate exposure of a UCB to such counterparties for the purpose of deciding the above prudential exposure limits.

**B. Risk weight**

3. It is further clarified that contribution by UCBs towards above eligible funds on account of shortfall in PSL targets, shall fall under the category of 'all other assets', attracting a risk weight of 100 per cent<sup>2</sup> for capital adequacy purposes, in terms of Annexure 1 of the RBI circular UBD.No.POT.PCB.Cir.No.45/09.116.00/ 2000-01 dated April 25, 2001 on '*Application of Capital Adequacy Norms to Urban (Primary) Co-operative Banks*'.

<sup>1</sup> In terms of para 29 (i) of the RBI [Master Direction FIDD.CO.PSD.BC.13/04.09.001/ 2024-25 dated March 24, 2025](#) on 'Priority Sector Lending (PSL) – Targets and Classification', as amended from time to time.

<sup>2</sup> 'all other assets' under head 'other assets' as per Annexure-1 of the circular.



### **C. Applicability**

4. The above instructions are applicable with immediate effect.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager