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September 26, 2025

All State / Central Co-operative Banks

Madam/ Dear Sir,

Investment by State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) in Shared Service Entity (SSE) established by NABARD

Please refer to <u>circular DCBR.BPD.BC.No.01/19.51.026/2016-17 dated July 14, 2016</u> (hereinafter called the extant instructions), on Investments in Non-SLR instruments by State / Central Co-operative Banks. The circular, *inter alia*, specifies the permissible non-SLR instruments, the prudential limit on a bank's total non-SLR investments, and restriction on its investment in unlisted non-SLR securities.

- 2. RBI has accorded regulatory approval in April 2025 to NABARD's proposal for setting up of a Shared Service Entity (SSE) for StCBs and CCBs wherein it is envisaged that the StCBs and CCBs can subscribe to the share capital of the SSE on a voluntary basis. In this context, there is a need to suitably review the extant instructions on investment in non-SLR instruments by StCBs/ CCBs.
- 3. Accordingly, the relevant instructions have been reviewed and are being amended vide Reserve Bank of India (Investments in Non-SLR instruments by State / Central Co-operative Banks) Directions, 2025.

Yours faithfully,

(Usha Janakiraman) Chief General Manager-in-Charge



## Reserve Bank of India (Investments in Non-SLR instruments by State / Central Co-operative Banks) Directions, 2025

Reserve Bank of India had issued <u>circular on 'Investments in Non-SLR instruments by State / Central Co-operative Banks' dated July 14, 2016</u> (hereinafter called the Extant Instructions) covering the prudential norms governing the investments in non-SLR instruments by State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs). There is a need to amend the extant instructions considering the approval granted to NABARD for setting up of a Shared Service Entity (SSE) for StCBs/ CCBs.

- 2. Accordingly, in exercise of the powers conferred by Section 35A read with Section 56 of the Banking Regulation Act, 1949 (hereinafter called the Act) and all other 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 to do so, hereby, issues the Directions hereinafter specified.
- 3. (i) These Directions shall be called the Reserve Bank of India (Investments in Non-SLR instruments by State / Central Co-operative Banks) Directions, 2025.
- (ii) These Directions shall be effective immediately.
- 4. These Directions modify the extant instructions as under:
- (i) After paragraph 2.2(c) of the circular, the following paragraph 2.2(d) shall be inserted, namely: -
- "2.2(d) Share capital of Shared Service Entity (SSE) set up by NABARD for StCBs and CCBs."
- (ii) After paragraph 2.3(i) of the circular, the following paragraph 2.3(j) shall be inserted, namely: -
- "2.3(j) The investment by an StCB/ CCB in the share capital of SSE shall be restricted to five percent of its owned funds (paid-up share capital and reserves). Such investment, however, shall be exempt from the prudential limit on non-SLR



investments specified at Para 2.1 and the restriction on investment in unlisted non-SLR investments specified at Para 2.3(d) above."