



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**Reserve Bank of India (Rural Co-operative Banks - Concentration Risk  
Management) Directions, 2025**

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## Introduction

The concentration of a bank's exposures to its counterparties and different sectors of the economy poses significant risks. Concentration of exposures of Rural Co-operative Banks are subject to prudential norms issued from time to time under Credit Monitoring Arrangements (CMA) and other regulatory instructions.

Recognizing the imperative of robust risk management, in exercise of the powers conferred by Sections 21, 27 and 35A read with Section 56 of the Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India (RBI) in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

## Chapter I - Preliminary

### A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Rural Co-operative Banks - Concentration Risk Management) Directions, 2025.
2. These Directions shall come into effect immediately upon issuance.

### B. Applicability

3. These Directions shall be applicable to Rural Co-operative Banks (hereinafter collectively referred to as 'RCBs' and individually as 'RCB').

*In this context, rural co-operative banks shall mean State Co-operative Banks and Central Co-operative Banks, as defined in the National Bank for Agriculture and Rural Development Act, 1981.*

### C. Penal Consequences for Non-compliance

4. Non-compliance with any of the provisions contained in these Directions shall attract supervisory and enforcement action as applicable.

### D. Definitions

5. In these Directions, unless the context states otherwise, the terms herein shall bear the meaning assigned to them in the ensuing paragraphs.

- (1) “**Capital fund**” or “**CF**” shall comprise paid up capital and free reserves. Reserves created by way of revaluation of Fixed Assets, etc., if any, should not be included for the purpose.



- (2) “**Central co-operative bank**” and “**State co-operative bank**” shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981).
- (3) “**Exposure**” shall include funded credit limits like working capital limits, short term / temporary loans and block capital facilities like term loans, interim / bridge loans granted by an RCB either from out of its own resources or out of the refinance assistance availed of by it from higher financing agencies. It shall also include non-funded financial accommodations like guarantees, letter of credit, etc. The sanctioned limit or loan outstanding whichever is higher, shall be reckoned for arriving at the exposure in the case of cash credit limits. In the case of term loan, outstanding amount may be reckoned for the purpose of exposure. However, in the case of non-funded credit limits, only 50 per cent of such limits, or the outstanding, whichever is higher, may be taken into account for the purpose.
- (4) “**Individuals**” shall include individuals, individual partners in partnership firms, sole proprietors, partnership firms and unincorporated bodies.
- (5) “**Units**” shall include incorporated bodies which are outside the definition of “**Individuals**”.
- (6) “**Lendable Resources**” or “**LR**” shall be computed as the sum of share capital, reserves including provisions and excluding the balance under Agricultural Credit Stabilisation Fund (ACSF), deposits and borrowings less sum of optimum liquid assets (35 per cent of DTL), Fixed Assets, accumulated losses and any other commitments except loans and advances.

6. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.



## Chapter II - Exposure Norms

### A. Role of the Board

7. An RCB shall put in place a comprehensive Board-approved policy, which shall inter-alia include the following, with the details outlined in the ensuing paragraphs.

- (i) Policy for sanction of loans and advances to individuals.
- (ii) Policy for financing of Commercial Real Estate-Residential Housing (CRE-RH).

### B. Scope

8. The exposure norms shall be uniform for both State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs) irrespective of whether the unit financed is within the cooperative fold or outside the cooperative fold.

9. The exposure norms shall not apply to

- (1) the loan sanctioned / outstanding to Primary Agricultural Credit Society (PACS), and other credit societies;
- (2) loans for 'agriculture' and 'allied' purposes;
- (3) finance extended to individual handloom / powerloom weavers for their weaving activities by RCBs, as per applicable guidelines issued by NABARD from time to time;
- (4) cases where an RCB has obtained prior authorization from NABARD,  
*Provided that* in such cases, the RCB shall adhere to [Reserve Bank of India \(Rural Co-operative Banks – Credit Facilities\) Directions, 2025](#); and
- (5) credit limits separately prescribed by the RBI (for purposes like food credit limits, and housing (also refer illustrations given under paragraph 12 below), etc.)

*Note:* There may be certain circumstances requiring an RCB to extend financial assistance to certain units / sectors in excess of the cut-off limits. In such cases, the RCB may, with relevant details, seek specific relaxations from NABARD. NABARD may, in exceptional cases, permit the RCB to extend such finance exceeding the exposure limits, based on merits of the individual case.

### C. Individual Exposure Limits – Other than Housing Loan

10. The RCB may continue to extend finance to individuals for purchase of shares in cooperative processing societies.



11. The Board-approved policy for sanction of loans and advances to individuals shall include *inter alia* provisions relating to fixing purpose-wise ceilings, safeguards to be followed, monitoring to be done including physical / periodical verification of assets, etc, subject to overall ceilings prescribed in the Table below for loans other than housing loans. RCBs should also obtain, where necessary, permission from the Registrar of Cooperative Societies and ensure suitable provisions in its bye-laws for financing of individuals.

Inspection rating	Ceiling on financing of Individuals (₹ in lakh)
A	60
B, B+	40
C	25
D	25

#### D. Individual Exposure Limits – Housing Loan

12. The limits on residential housing loans sanctioned by an RCB to an individual borrower are as under:

(₹ in lakh)

Sl No	Category of the RCB	Limit (per individual borrower)
1.	An RCB having assessed net worth less than ₹100 crore	50
2.	An RCB having assessed net worth equal to or more than ₹100 crore	75

*Provided that* in case the individual borrower has already availed of a housing loan or a loan for any other activity well within the limit as prescribed in Section C of this Chapter, the limit for additional loans, housing, or others, shall be sanctioned after taking into consideration the following aspects:

- If an RCB already has exposure to an individual borrower as prescribed in Section C, then the exposure under housing loan to that individual borrower as prescribed in Section D shall be limited to the amount arrived after subtracting exposure under Section C to the individual borrower from (a) maximum housing loan exposure or (b) maximum eligible limit under Section C, whichever is higher.



- ii. If an RCB already has exposure under the housing finance norms as prescribed in Section D, then the exposure under Section C to that individual borrower shall be limited to the amount arrived after subtracting housing finance availed by the individual borrower from the maximum permissible exposure under Section C. In case, the exposure under housing finance is more than the maximum exposure allowed under Section C to an individual borrower, then no further exposure shall be allowed to that individual borrower.

**(a) Illustration – 1**

**i. An RCB having assessed net worth equal to or more than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Loan already availed by a borrower under 'Individual' Category (section C)-Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	75	60	15	Nil
B, B+	40	75	40	35	Nil
C	25	75	25	50	Nil
D	25	75	25	50	Nil

**ii. An RCB having assessed net worth less than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Loan already availed by a borrower under 'Individual' Category (section-C)- Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)



A	60	50	60	Nil	Nil
B, B+	40	50	40	10	Nil
C	25	50	25	25	Nil
D	25	50	25	25	Nil

**(b) Illustration – 2**

**i. An RCB having assessed net worth equal to or more than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Housing loan already availed by an individual borrower - Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	75	75	Nil	Nil
B, B+	40	75	75	Nil	Nil
C	25	75	75	Nil	Nil
D	25	75	75	Nil	Nil

**ii. An RCB having assessed net worth less than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Housing loan already availed by an individual borrower - Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	50	50	Nil	10
B, B+	40	50	50	Nil	Nil



C	25	50	50	Nil	Nil
D	25	50	50	Nil	Nil

**(c) Illustration – 3**

**i. An RCB having assessed net worth equal to or more than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Loan already availed by a borrower under 'Individual' Category (section-C)- Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	75	30	45	30
B, B+	40	75	30	45	10
C	25	75	20	55	05
D	25	75	25	50	Nil

**ii. An RCB having assessed net worth less than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Loan already availed by a borrower under 'Individual' Category (section-C)- Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	50	30	20	30
B, B+	40	50	30	20	10
C	25	50	20	30	05
D	25	50	15	35	10



**(d) Illustration – 4**

**i. An RCB having assessed net worth equal to or more than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Housing Loan already availed by an Individual Borrower - Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	75	15	45	60
B, B+	40	75	35	05	40
C	25	75	50	Nil	25
D	25	75	50	Nil	25

**ii. An RCB having assessed net worth less than ₹100 crores**

(₹ in Lakh)

Rating Category	Exposure Norms		Housing Loan already availed by an Individual Borrower - Outstanding as on date	Additional eligible limit (Either Individual limits (section C) or Housing)	
	Individual limits (section C)	Housing		Housing Loan Individual	Individual limits (section C)
A	60	50	50	10	Nil
B, B+	40	50	40	Nil	10
C	25	50	25	Nil	25
D	25	50	25	Nil	25



**Explanation:** For computation of Net Worth, a bank shall ensure that:

- (i) revaluation reserves are excluded;
- (ii) only that portion of provision for Standard Assets is considered which is in excess of regulatory requirement i.e., required as per [Reserve Bank of India \(Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning\) Directions, 2025](#); and
- (iii) only that portion of provision made for NPAs is considered which is in excess of prescribed requirement and to the extent not adjusted for computation of net NPA.

The format for computation of net worth is furnished in [Annex II](#).

13. For repairs, additions, alterations etc., to the existing houses, the maximum amount of loan per individual borrower is ₹1 lakh within the ceilings prescribed in [Section C](#) and [Section D](#).

#### **E. Unit-wise and Sector-wise Exposure Limits**

14. The unit-wise exposure norm shall be linked to Capital Fund (CF), while sector-wise exposure norms shall be linked to the Lendable Resources (LR) as on March 31 of the latest audited Balance Sheet of the RCB, based on the 'rating' of the RCB given by NABARD after the inspection of the RCB conducted under Section 35(6) of B.R. Act, 1949 (AACS).

<b>Inspection rating</b>	<b>Unit-wise exposure as per cent to CF</b>	<b>Sector-wise exposure as per cent to LR</b>
A	60	50
B, B+	50	40
C	45	35
D	40	30

15. An RCB shall evaluate the credit risk itself, especially when extending financial assistance to bigger borrowers and take its own credit decisions, based on commercial judgement and market information. For the purpose of containing the credit risk, the RCB may restrict its exposure to a single unit within the 'net owned funds' of the unit concerned.



## **F. Aggregate limit for Exposures towards Housing Finance**

16. An RCB's aggregate exposures to housing finance would be limited to 5 percent of its total assets. The total assets shall be reckoned based on the audited balance sheet as on March 31 of the preceding financial year.

## **G. Commercial Real Estate-Residential Housing**

17. An RCB, in view of its primary role of lending for activities related to agriculture and rural development, should desist from financing the commercial real estate sector. However, they have been allowed to finance CRE-RH in terms of paragraph 18 below.

18. An RCB may extend finance to Commercial Real Estate-Residential Housing (CRE-RH) within the existing aggregate housing finance limit of five per cent of its total assets (reckoned based on the audited balance sheet as on March 31 of the preceding financial year). For this purpose, CRE-RH shall consist of loans to builders / developers for residential housing projects (except for captive consumption). Such projects should ordinarily not include non-residential commercial real estate. However, integrated housing projects comprising some commercial space (e.g. shopping complex, school, etc.) can also be classified under CRE-RH.

*Provided that* the commercial area in the residential housing project does not exceed 10 per cent of the total Floor Space Index (FSI) of the project. Standard asset provision of 0.75 per cent and risk weight of 75 per cent shall be maintained for CRE-RH advances.

19. The Board-approved policy shall include financing CRE-RH and a review note on the performance of the CRE-RH portfolio shall be placed before the Board at least on a half-yearly basis.

## **H. Monitoring returns / Reports**

20. An RCB shall submit its CMA-1 return in the portal for electronic submission of returns (ENSURE Portal) of NABARD within 15 days from the end of the quarter as mentioned below.

<b>Quarter ending (QE)</b>	<b>Due date for submission of CMA-1 return in ENSURE Portal by an RCB</b>
June Quarter	15 July
September Quarter	15 October
December Quarter	15 January
March Quarter	15 April



- (1) Any violations of prudential limits shall be reported in CMA-1 return and it shall include individual violations, unit-wise violations, sector-wise violations, violations in loans for housing (both individual and sector) and marketing federations.
- (2) A few instructions on the format of the return published in ENSURE Portal have been given in the [Annex - I](#).



### **Chapter III - Repeal and other provisions**

#### **A. Repeal and saving**

21. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Concentration Risk Management as applicable to Rural Co-operative Banks stand repealed, as communicated vide [circular DOR.RRC.REC.302/33-01-010/2025-26 dated November 28, 2025](#). The Directions, instructions and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

22. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these directions, instructions, or guidelines shall not in any way prejudicially affect:

- (1) any right, obligation or liability acquired, accrued, or incurred thereunder;
- (2) any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;
- (3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those directions, instructions, or guidelines had not been repealed.

#### **B. Application of other laws not barred**

23. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations or directions, for the time being in force.

#### **C. Interpretations**

24. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

(Vaibhav Chaturvedi)  
Chief General Manager



**Instructions / Guidelines on the format of CMA-1 return in ENSURE Portal**

1. Kindly ensure to map the CMA-1 return with maker and checker.
2. An option has been provided in the return where banks are required to choose whether it has violated exposure under CMA norms in respective categories viz. Unit-wise, Individual Loans, Housing loans to Individuals, Sector-wise exposure, loans extended to Housing Sector and exposure in financing State Level Marketing Federations. Here, banks are advised to carefully select the option of 'Yes' or 'No' from the dropdown as it may cause data loss in the respective tables, if not properly selected.
3. Banks are required to enter the rating awarded by NABARD in latest inspection of the bank by selecting financial year and rating of the bank. The Capital Fund of the bank as per the latest audited Balance Sheet and applicable norms under Unit-wise exposure limit will be auto-populated by the system.
4. Similarly, based on the rating selected, ceiling limit on financing of individuals will be auto populated by the system.
5. Banks are required to enter violations under unit-wise and individual category. Each violation has to be reported separately (i.e. industry / sector / purpose-wise).
6. Violations under housing loan - individual category and sector-wise - have to be reported separately. Based on the net-worth (as per latest inspection report) of the bank and total assets (as on 31 March of preceding FY), ceilings applicable under housing- individual and sector-wise will be displayed by the system.
7. To facilitate the banks, the calculation of Lendable Resources (LR) of the bank (parameters being used to evaluate LR) has been displayed in the return. Bank may enter the amount, if any, under 'Non-Refundable Reserve Fund Deposits' and 'Any Other Commitments except Loan & Advances' in the respective fields and the LR will be calculated taking into account these two figures. Accordingly, bank may report Sector-wise exposure to Non-agriculture Loans and Advances and also to marketing federations.
8. Banks are advised to use 'Enquire Module' under ENSURE Portal to report any issue / error in submitting the return.



## Annex II

### Computation of Net Worth

Net worth as on March 31, ____		
(₹ Lakh)		
Sr. No.	Description	Amount
1.	Paid up capital (from regular members having voting rights)	
2.	Add: Non-refundable Govt. Deposits, if any	
3.	Add: Contribution / non-refundable admission fees collected from nominal / associate members which is held separately as 'reserves' under an appropriate head since these are non-refundable	
4.	Free Reserves	
	(i) Statutory Reserves	
	(ii) Agriculture Credit Stabilisation Fund	
	(iii) Building Fund	
	(iv) Dividend Equalisation Fund	
	(v) Other Funds, if any, not in the nature of outside liabilities.	
5.	Add: Undistributed profit	
6.	Less: Accumulated losses	
7.	Less: Intangible Assets	
	Net worth as on March 31, ____	