

## UCBs can now grant Unsecured Loans up to 25% - RBI proposes norms

### UCBs Unsecured Loans Exposure Norms

RBI/2012-13/468

UBD.BPD.(PCB) Cir No.45 /13.05.000/2012-13

03 April 2013

The Chief Executive Officers  
All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

#### Unsecured Exposure Norms for UCBs

Please refer to our circular No. UBD.BPD.(PCB) Cir No.21/13.05.000/2010-11 dated November 15, 2010 on 'Maximum Limit on Unsecured Loans and Advances' prescribing that the total unsecured loans and advances granted by a UCB to its members should not exceed 10 per cent of its total assets.

2. In order to promote lending to priority sectors and to provide impetus to the objective of financial inclusion it has been decided that UCBs fulfilling the following conditions may, with the prior approval of the Reserve Bank, grant unsecured loans (with or without surety) upto 25% of their total assets:

- i) The entire loan portfolio of the bank should be covered under priority sector.
- ii) All the loans should be sanctioned as small value loans ie upto `20,000/- in a single account.
- iii) The UCB should have assessed CRAR of 9%.
- iv) The assessed gross NPAs of the UCB should be less than 10 per cent of gross advances.

Financial parameters for the above purposes, may be considered as on March 31 of the previous year. Assessed CRAR and gross NPAs would be as assessed by the latest inspection carried out by the Reserve Bank of India.

3. UCBs desiring to grant unsecured loans in excess of 10% of total assets, as mentioned above, may approach the Regional Office of UBD for permission.

4. Please acknowledge receipt of this circular to the Regional Office concerned.

Yours faithfully

(A. Udgata)

Chief General Manager- in – Charge