



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



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DOR.CRE.REC.18/07.10.002/2023-24

June 8, 2023

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

Madam / Dear Sir,

**Priority Sector Lending (PSL) targets / sub-targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks (UCBs) - Extension of time**

Please refer to para 3 of the [circular DOR \(PCB\).BPD.Cir No.10/13.05.000/2019-20<sup>1</sup> dated March 13, 2020](#), and para 5 of [Master Direction on Priority Sector Lending \(PSL\) - Targets and Classification dated September 4, 2020](#), in terms of which, a glide path for achieving overall PSL target and sub-target for advances to weaker sections was prescribed till March 31, 2024.

2. As announced in the Statement on Developmental and Regulatory Policies ([para no. 4 Annexed](#)), in order to address implementational challenges faced by the UCBs and to make the transition non-disruptive, it has been decided to extend the glide path for these PSL targets by an additional period of two years as under:

Financial Year ended	March 31, 2024	March 31, 2025	March 31, 2026
<b>Overall PSL Target<sup>@</sup></b>	60% of ANBC <sup>2</sup> or CEOBSE <sup>3</sup> , whichever is higher	65% of ANBC or CEOBSE, whichever is higher	75% of ANBC or CEOBSE, whichever is higher
<b>Sub-target for advances to weaker sections<sup>#,4</sup></b>	11.50% of ANBC or CEOBSE, whichever is higher	11.75% of ANBC or CEOBSE, whichever is higher	12.00% of ANBC or CEOBSE, whichever is higher

@ The targets for March 31, 2023 (at 60 %) shall continue till March 31, 2024.

# The sub-target set for March 31, 2023 (at 11.50%) shall continue till March 31, 2024.

<sup>1</sup> Circular on Limits on exposure to single and group borrowers/parties and large exposures and Revision in the target for priority sector lending – UCBs

<sup>2</sup> Adjusted Net Bank Credit

<sup>3</sup> Credit Equivalent Amount of Off-balance Sheet Exposure

<sup>4</sup> The PSL sub-target for micro enterprises remains unchanged at 7.5% of ANBC or CEOBSE, whichever is higher, with effect from May 10, 2018.

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

3. In terms of para 28 of [Master Direction on Priority Sector Lending \(PSL\) - Targets and Classification dated September 4, 2020](#) and para 2 of the [circular DOR \(PCB\).BPD.Cir.No.12/09.09.002/2019-20<sup>5</sup> dated April 24, 2020](#), all UCBs (excluding those under all-inclusive directions), were advised to contribute to Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD / NHB / SIDBI / MUDRA Ltd., against their PSL shortfall vis-à-vis the prescribed target/ sub-targets, with effect from March 31, 2021.

4. In view of the implementation challenges observed, it has been decided that:

- a) UCBs would not be required to contribute to RIDF or other eligible funds for shortfall in PSL target/ sub-targets during Financial Year (FY) 2020-21 and FY 2021-22.
- b) UCBs shall contribute to RIDF and other eligible funds against their shortfall in PSL target/ sub-targets vis-à-vis the prescribed targets with effect from **March 31, 2023**.
- c) Also, in case contribution has been made by any UCB towards the above PSL shortfall during the FY 2020-21 and/ or FY 2021-22, that contribution can be used to offset any shortfall that may have occurred during FY 2022-23. Excess deposit, if any, after offsetting the PSL shortfall during FY 2022-23 will be refunded.

5. Incentives to UCBs meeting the PSL targets shall be announced separately.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

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<sup>5</sup> Circular on Non-achievement of Priority Sector Lending Targets by Primary (Urban) Co-operative Banks (UCBs) - Contribution to the Rural Infrastructure Development Fund (RIDF) and other funds

**Extract from Statement on Developmental and Regulatory  
Policies June 8, 2023**

**4. Priority Sector Lending (PSL) targets for Primary (Urban) Cooperative Banks (UCBs)**

The PSL targets for UCBs were revised in 2020. In order to ensure a non-disruptive transition, a glide path was provided till March 31, 2024 to achieve the revised targets. With a view to ease the implementation challenges faced by the UCBs, it has been decided to extend the phase-in time for achievement of the said targets by two years, i.e. upto March 31, 2026. Further, suitable incentives shall be provided to UCBs that have met the prescribed targets as on March 31, 2023. Detailed circular on the matter will be issued separately.