RBI Rolls Out Measures to Strengthen Cooperative Banks' Financial Health, Governance and Digital Inclusion

Loans sanctioned by banks to NCDC for on-lending to cooperative societies eligible for classification as priority sector lending under the respective categories w.e.f. Jan. 19, 2026

Reforms include facilitating greater credit flow to cooperative societies through NCDC under revised Priority Sector Lending norms

'Sahakar Sarthi' set up as a Shared Services Entity to deliver technological services to Rural Cooperative Banks

Posted On: 10 FEB 2026 4:26PM by PIB Delhi

The Reserve Bank of India (RBI), in consultation with the Government of India, has announced that loans sanctioned by banks to National Cooperative Development Corporation (NCDC) w.e.f. January 19, 2026, for on-lending to cooperative societies are eligible for classification as priority sector lending under the respective categories. These apply to banks other than Regional Rural Banks, Urban Cooperative Banks, Small Finance Banks and Local Area Banks. These loans are for purposes and activities as laid down in the Master Direction on Priority Sector Lending, 2025.

National Cooperative Development Corporation (NCDC), a statutory corporation under the administrative control of the Ministry of Cooperation, provides financial assistance to Cooperatives and contributes directly in accelerating the growth of cooperative movement

The Government of India and RBI have taken various measures to strengthen cooperative banks' financial health, governance and digital inclusion along with enhancing deposit security, credit availability and prudent regulation, which inter-alia include:

- Urban Cooperative Banks (UCBs) have been allowed to open new branches
- Housing loan limits have been increased from 10% to 25% of their total loans and advances for UCBs
- The Banking Regulation Act has been amended to increase the terms of directors of Cooperative Banks from 8 to 10 years
- Licensing fee for onboarding of cooperative banks to Aadhar enabled Payment System (AePS) have been reduced

- The National Urban Co-operative Finance and Development Corporation Limited (NUCFDC), which is a non-deposit taking Non-Banking Financial Company (NBFC), has been set up as an Umbrella Organization for Urban Cooperative Banks to provide Information Technology (IT) infrastructure and operational support
- A Shared Services Entity (SSE), Sahakar Sarthi, has been established to provide technological services to Rural Cooperative Banks
- Rural Cooperative Banks have been included by RBI in the Integrated Ombudsman Scheme
- Deposit Insurance and Credit Guarantee Corporation (DICGC) insures various types of deposits up to ₹ 5,00,000 per depositor per bank (including principal and interest) for all cooperative banks

This information was given by the Minister of State in the Ministry of Finance Shri Pankaj Chaudhary in Rajya Sabha today.

*****

NB/AD