



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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RBI/2014-15/522

DBR.No.BP.BC.79/21.04.048/2014-15

March 30, 2015

The Chairman and Managing Director/Chief Executive Officer
All Scheduled Commercial Banks
(Excluding and Regional Rural Banks)

Madam/Dear Sir,

Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer

Please refer to our [circular DBOD.No.BP.BC.89/21.04.048/2005-06 dated June 22, 2006](#) and [DBOD.No.BP.BC.68/21.04.048/2006-07 dated March 13, 2007](#) on creation, accounting, disclosures and utilisation of floating provisions by banks. Banks may also refer to our [circular No.DBOD.No.BP.BC.87/21.04.048/2010-11 dated April 21, 2011](#) on creation and utilisation of 'countercyclical provisioning buffer', wherein we had advised that the buffer will be allowed to be used by banks for making specific provisions for non-performing assets, inter alia, during periods of system wide downturn, with the prior approval of RBI.

2. Accordingly, in terms of our circular dated February 7, 2014, banks were allowed to utilise upto 33 per cent of countercyclical provisioning buffer/floating provisions held by them as on March 31, 2013, for making specific provisions for non-performing assets, as per the policy approved by their Board of Directors.

3. Further to this, it has now been decided, as a counter cyclical measure, to allow banks to utilise upto 50 per cent of countercyclical provisioning buffer/floating provisions held by them as at the end of December 31, 2014, for making specific provisions for non-performing assets, as per the policy approved by their Board of Directors.

4. Utilisation of countercyclical provisioning buffer/floating provisions under this measure would be over and above the utilisation of countercyclical provisioning

buffer/floating provisions as permitted vide [circular DBOD.BP.BC.No.98 / 21.04.132 / 2013-14 dated February 26, 2014](#) on 'Framework for Revitalising Distressed Assets in the Economy - Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures'.

Yours faithfully,

(Sudarshan Sen)
Chief General Manager-in-Charge