

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:874  
ANSWERED ON:01.03.2013  
NON PERFORMING ASSET PROVISION RATIO  
Sivasami Shri C.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government/Reserve Bank of India (RBI) proposes to hike Non Performing Asset (NPA) Provision Ratio;
- (b) if so, the details thereof;
- (c) whether the RBI had done away with its earlier requirement of banks to maintain the Provision Coverage Ratio (PCR) or the ratio of provision to Gross NPAs at 70 per cent;
- (d) if so, whether the RBI proposes to hike PCR levels; and
- (e) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): No, Sir. However, the Reserve Bank of India (RBI), in November 2012, increased the provision requirement for restructured standard advances from 2 per cent to 2.75 per cent. These are not classified as non-performing assets.

(c) to (e): RBI had prescribed Provisioning Coverage Ratio (PCR) of 70 percent of gross NPAs with effect from September 30, 2010, with a view to augment provisioning buffer in a counter-cyclical manner when the banks were making good profits. Subsequently, when majority of the banks had achieved the PCR of 70 per cent by March 31, 2011 and a stock of buffer provision has been built-up, banks were advised on April 21, 2011 that the PCR of 70 per cent may be maintained on stock basis with reference to banks' Gross NPA position as on September 30, 2010, i.e., banks need not maintain a PCR of 70 per cent on a continuous basis. The surplus provision held as on that date over and above the normal regulatory requirement, up to the PCR requirement of 70 per cent were required to be segregated into `countercyclical provisioning buffer. This buffer may be used by the banks during periods of system wide downturn, with the prior approval of RBI.