GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3438
ANSWERED ON:12.12.2014
BASEL III NORMS
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Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India (RBI) has revised Basel III norms as per the recommendations of the Basel Committee on Banking Supervisory (BCBS);

(b) if so, the details thereof;

(c) whether banks in India has complied with the revised norms;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the steps taken by the Government to increase the flow of credit which is being blocked due to stringent international norms imposed on developing countries like India?

Answer

Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a) to (d): The Reserve Bank of India (RBI) has issued final guidelines on implementation of Basel III capital regulations on May 2, 2012 which have become effective from April 1, 2013 and to be fully implemented as on March 31, 2019.

The transitional arrangement for the implementation of Basel III guidelines, advised by RBI is as under:

Minimum Capital Ratio	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier I (CET 1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital conservation buffer (CCB)	-	-	-	0.625	1.25	1.875	2.5
Minimum CET1+CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier-I capital	6	6.5	7	7	7	7	7
Minimum total Capital	9	9	9	9	9	9	9
Minimum Total Capital + CCB	9	9	9	9.625	10.25	10.875	11.5

All Public Sector Banks are complying with the revised Basel III norms.

(e): In view of asset-liability mismatch problems faced by banks while lending towards long-term infrastructure project loans with their short-term resources, in July 2014, RBI has allowed banks to issue long term bonds for financing of infrastructure and affordable housing. In terms of this circular, banks may issue bonds with minimum maturity of seven years with certain incentives such as exemptions from CRR/SLR requirement and exemption from reckoning such credit for computation of Adjusted Net Bank Credit (ANBC) for determining priority sector lending obligation for infrastructure and affordable housing loans financed with such bonds. This may incentivize the incremental credit flow to these sectors.