



RBI/2021-22/28
DOR.STR.REC.10/21.04.048/2021-22

May 5, 2021

All Scheduled Commercial Banks
(Excluding Regional Rural Banks and Payments Banks)

Dear Sir/ Madam,

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 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 circulars [DBOD.No.BP.95/21.04.048/2013-14 dated February 7, 2014](#) and [DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015](#), banks were allowed to utilise upto 33 per cent and 50 per cent of floating provisions/ countercyclical provisioning buffer held by them as on March 31, 2013 and December 31, 2014 respectively, for making specific provisions for non-performing assets, as per their Board approved policy.

3. In order to mitigate the adverse impact of COVID 19 related stress on banks, as a measure to enable capital conservation, it has been decided to allow banks to utilise 100 per cent of floating provisions/ countercyclical provisioning buffer held by them as on December 31, 2020 for making specific provisions for non-performing assets with prior approval of their Boards. Such utilisation is permitted with immediate effect and upto March 31, 2022.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager