



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**  
[www.rbi.org.in](http://www.rbi.org.in)

RBI/2009-10/337

RPCD.RRB.No.BC. 61/ 03.05.34/2009-10

March 4, 2010

All Regional Rural Banks

Dear Sir,

**Provisioning Requirement for Standard Assets**

Please refer to paragraph 2 of our circular RPCD.RRB.No.BC.97/03.05.34/2000-01 dated June 11, 2001 regarding provisioning requirements for 'standard assets'.

2. In this connection, a reference is invited to paragraph 158 of the Second Quarter Review of Monetary Policy for the year 2009-10 announced on October 27, 2009 (copy enclosed). It was proposed to increase the provisioning requirement for advances to the Commercial Real Estate (CRE) sector classified as 'standard assets' to 1.00 per cent with a view to building cushion against likely non-performing assets (NPAs). Accordingly, it has been decided to increase the provisioning requirement for advances to the CRE Sector classified as 'standard asset' to 1%. As regards other standard assets, it has been decided that while the provisioning requirements for direct advances to agriculture and SME sectors would remain unchanged at 0.25%, the same for all other loans and advances would be 0.40%.

3. The standard asset provisioning requirements for all categories, after the above changes, are summarised below.

Sr.No.	Category of standard asset	Rate of provisioning
(a)	Direct advances to Agriculture and SME sectors	0.25 %
(b)	Commercial Real Estate (CRE) sector	1.00%
(c)	All other loans and advances not included in (a) and (b) above	0.40%

4. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully

(R.C.Sarangi)  
Chief General Manager  
Encl: 1

**Paragraph 158 of the Second Quarter Review  
Of Monetary Policy for the year 2009-10**

In view of large increase in credit to the commercial real sector over the last one year and the extent of restructured advances in this sector, it would be prudent to build cushion against likely non-performing assets (NPAs). Accordingly, it is proposed to increase the provisioning requirement for advances to the commercial real sector classified as 'standard assets' from the present level of 0.40 per cent to 1 per cent.