

Regulatory and Other Measures

April 2011

RBI/2010-11/462 DNBS(PD)CC.No 215/03.10.42/2010-11 dated April 5, 2011

Operation of Deposit Account with NBFCs and Money Mules

All Non Banking Financial Companies/
Residuary Non Banking Companies

With a view to preventing NBFCs from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities, Reserve Bank of India has issued guidelines on Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Prevention of Money Laundering Act, 2002 that are consolidated in the Master Circular DNBS (PD) CC No 184/03.10.42 / 2010-11 dated July 01, 2010.

2. It has been brought to our notice that 'Money mules' can be used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties to act as 'money mules.' In some cases these third parties may be innocent while in others they may be having complicity with the criminals.

3. In a money mule transaction, an individual with a deposit account in a bank/NBFC is recruited to receive cheque deposits or wire transfers and then transfer these funds to accounts held on behalf of another person or to other individuals, minus a certain commission payment. Money mules may be recruited by a variety of methods, including spam e-mails, advertisements on genuine recruitment web sites, social networking sites, instant messaging and advertisements in newspapers. When caught, these money mules often have their deposit and loan accounts suspended, causing inconvenience and potential financial loss, apart from facing likely legal action for being part of a fraud. Many a times the address and contact details of such mules are found to be fake or not up to date, making it

difficult for enforcement agencies to locate the account holder.

4. The operations of such mule accounts can be minimized if NBFCs follow the guidelines contained in the Master Circular on Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002. NBFCs are, therefore, advised to strictly adhere to the guidelines on KYC/AML/CFT issued from time to time and to those relating to periodical updation of customer identification data after the account is opened and also to monitoring of transactions in order to protect themselves and their customers from misuse by such fraudsters.

5. NBFCs are also advised to ensure that their accounts in banks are not used for the purpose of money laundering in the manner specified above.

RBI/2010-11/467 Ref. DBOD.No.Ret.BC. 84 /12.02.001/2010-11 dated April 8, 2011

Section 24 of Banking Regulation Act, 1949 – Shortfall in Maintenance of Statutory Liquidity Ratio (SLR) – Additional Liquidity Support under Liquidity Adjustment Facility (LAF)

All Scheduled Commercial Banks

Please refer to our circular DBOD. No. Ret. BC.76/12.02.001/2010-11 dated January 25, 2011 wherein it was advised that Scheduled Commercial Banks (SCBs) may avail of additional liquidity support under the Liquidity Adjustment Facility (LAF) to the extent of up to one per cent of their Net Demand and Time Liabilities (NDTL) up to April 8, 2011. For any shortfall in maintenance of the SLR arising out of availment of this facility, banks may seek waiver of penal interest purely as an ad hoc, temporary measure.

2. As set out in the Press Release issued by the Reserve Bank of India on April 8, 2011, the additional

liquidity support to SCBs under LAF to the extent of up to one per cent of their NDTL, which was set to expire on April 8, 2011, has now been extended up to May 6, 2011. For any shortfall in maintenance of the SLR arising out of availment of this facility, banks may seek waiver of penal interest purely as an ad hoc, temporary measure. The liquidity support availed under this facility would, however, need to be reported on a daily basis.

RBI/2010-11/473 RPCD.CO.RRB.BC.No.59 /03.05.34 / 2010-11 dated April 11, 2011

Investment in SLR Securities by Regional Rural Banks (RRBs)

The Chairman

All Regional Rural Banks/Sponsor Banks

Please refer to our circular RPCD.RRB.BC.No.68/03.05.34/2008-09 dated April 9, 2010 on the captioned subject.

2. On a review of the issue it has been decided that the exemption granted to RRBs up to financial year 2009-10 from 'mark to market' norms in respect of their investment in SLR securities be extended by for three years i.e. for the financial years 2010-11, 2011-12 and 2012-13. Accordingly, RRBs will have the freedom to classify their entire investment portfolio of SLR securities under 'Held to Maturity' for the financial years 2010-11, 2011-12 and 2012-13 with valuation on book value basis and amortization of premium, if any, over the remaining life of securities.

RBI/2010-11/474 RPCD.CO.RRB.BC No. 59/03.05.72/ 2010-11 dated April 11, 2011

Compounding of Interest on Agriculture Loans

The Chairman

All Regional Rural Banks

The Chairman & Managing Director

All Sponsor Banks

Please refer to the instructions contained at para. 5. in RBI Master circular RPCD. CO. Plan. BC. No. 10/04.09.01/2010-11 dated July 1, 2010 on Lending to

Priority Sector, addressed to Scheduled Commercial Banks, together with the instructions contained in para. 2 of RPCD circular RRB. BC. No. 96/ 03.05.34/ 2001-02 dated May 27, 2002, read with para. 2 of the circular RRB. BC. No. 105/ 03.05.34/ 2001-02 dated June 11, 2002 addressed to the RRBs, on the captioned subject.

2. A recent study undertaken by Regional Offices of NABARD and RBI in select States has revealed that compounding of interest on quarterly/ half-yearly basis, and not as per cropping/harvesting cycle/s on agricultural loans, was prevalent in some RRBs. In certain cases, NABARD has also observed that RRBs have been using the software package developed by their sponsor banks, which has no provision for segregating interest from principal before applying the interest for the next period. Wherever manual accounting was involved, the compounding was observed in a few cases attributed to human error.

3. It is, therefore, imperative that sponsor banks/ RRBs develop/modify the software package to ensure that the process of compounding of interest on agricultural loans falls in line with the extant instructions on the subject issued to them. Also, RRBs should re-examine the relevant cases and arrange to re-credit the excess interest wrongly charged in the accounts, under advice to our respective Regional Offices and to NABARD.

RBI/2010-11/476 DPSS.CO.OSD. No. 2374/06.11.001/ 2010-2011 dated April 15, 2011

Submission of system audit reports

To all Authorised Payment System Operators & Entities

Please refer to our earlier circulars DPSS.AD.No./ 1206/02.27.005/2009-2010 dated December 7, 2009 and DPSS.1444/ 06.11.001/ 2010-2011 dated December 27, 2010 on the captioned subject.

In partial modification of the instructions contained therein, it is advised that the system audit may be conducted by a Certified Information Systems Auditor (CISA) and registered with Information Systems Audit and Control Association (ISACA) or by a

holder of a Diploma in Information System Audit (DISA) qualification of the Institute of Chartered Accountants of India (ICAI).

RBI/2010-11/477 DBOD.Dir.BC.No. 85/04.02.001/2010-11 dated April 18, 2011

Liquidation of Post-Shipment Rupee Export Credit

All Scheduled Commercial Banks
(excluding RRBs)

Please refer to paragraph 2.3 of our Master Circular on Rupee / Foreign Currency Export Credit and Customer Service to Exporters DBOD.No.Dir.(Exp). BC.06/ 04.02.002/2010-11 dated July 01, 2010 wherein banks were advised that Post-shipment credit is to be liquidated by the proceeds of export bills received from abroad in respect of goods exported/ services rendered. Further, subject to mutual agreement between the exporter and the banker it can also be repaid/prepaid out of balances in Exchange Earners Foreign Currency (EEFC) Account as also from proceeds of any other unfinanced (collection) bills.

2. It has now been decided that in order to reduce the cost to exporters (*i.e.* interest cost on overdue export bills), exporters with overdue export bills may also extinguish their overdue post shipment rupee export credit from their rupee resources. However, the corresponding GR form will remain outstanding and the amount will be shown outstanding in XOS statement. The exporter's liability for realisation would continue till the export bill is realised.

RBI/2010-11/481 RPCD.SME & NFS. BC. No. 62/06.11.01/2010-11 dated April 21, 2011

Scheme of 1% Interest Subvention on Housing loans upto ₹10 lakh – Guidelines

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

Please refer to our circulars RPCD.SME & NFS.BC.No.16/06.11.01/2010-11 dated August 9, 2010

and RPCD.SME & NFS.BC.No.52/06.11.01/2010-11 dated February 8, 2011 on the captioned subject.

2. In para 43 of the Union Budget Speech of 2011-12, it has been proposed to liberalise the existing scheme of interest subvention of 1 per cent on housing loans by extending it to housing loan upto ₹15 lakh where the cost of the house does not exceed ₹25 lakh from the present limit of ₹10 lakh and ₹20 lakh respectively.

3. You are therefore advised to issue necessary instructions to your Controlling Offices and Branch Offices to ensure that these guidelines are implemented immediately. The other terms and conditions of the housing subvention scheme remain unchanged.

RBI /2010-11/484 DBOD.Leg. No.BC. 86/09.08.011 / 2010-11 dated April 21, 2011

Setting up of Central Electronic Registry under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002

All Scheduled Commercial Banks/
Financial Institutions
(Excluding RRBs)

Pursuant to the announcement made by the Finance Minister in the budget speech for 2011-12, Government of India, Ministry of Finance notified the establishment of the Central Registry. The objective of setting up of Central Registry is to prevent frauds in loan cases involving multiple lending from different banks on the same immovable property. This Registry has become operational on March 31, 2011. The Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), a Government Company licensed under section 25 of the Companies Act 1956 has been incorporated for the purpose of operating and maintaining the Central Registry under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

2. It may be noted that initially transactions relating to securitization and reconstruction of financial assets

and those relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions, as defined under the SARFAESI Act, are to be registered in the Central Registry. The records maintained by the Central Registry will be available for search by any lender or any other person desirous of dealing with the property. Availability of such records would prevent frauds involving multiple lending against the security of same property as well as fraudulent sale of property without disclosing the security interest over such property. It may be noted that under the provisions of Section 23 of the SARFAESI Act, particulars of any charge creating security interest over property is required to be filed with the Registry within 30 days from the date of creation.

3. A copy of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Central Registry) Rules, 2011 along with a copy of Notification dated March 31, 2011 issued by the Government in this regard, is enclosed for necessary action at your end.

RBI/2010-11/485 DBOD.No.BP.BC. 87/21.04.048/2010-11 dated April 21, 2011

Provisioning Coverage Ratio (PCR) for Advances

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

Please refer to the circular DBOD.No.BP.BC.64/21.04.048/2009-10 dated December 1, 2009, in terms of which a Provisioning Coverage Ratio (PCR) of 70 percent of gross NPAs was prescribed, as a macro-prudential measure, with a view to augmenting provisioning buffer in a counter-cyclical manner when the banks were making good profits.

2. Majority of the banks have since achieved the PCR of 70 percent and have been representing to RBI whether the prescribed PCR is required to be maintained on an ongoing basis.

3. The matter has been examined by us and till such time RBI introduces a more comprehensive methodology of countercyclical provisioning taking into

account the international standards as are being currently developed by Basel Committee on Banking Supervision (BCBS) and other provisioning norms, banks are advised that :

- i. the PCR of 70 percent may be with reference to the gross NPA position in banks as on September 30, 2010;
 - ii. the surplus of the provision under PCR vis-a-vis as required as per prudential norms should be segregated into an account styled as 'countercyclical provisioning buffer', computation of which may be undertaken as per the annexed format; and
 - iii. this buffer will be allowed to be used by banks for making specific provisions for NPAs during periods of system wide downturn, with the prior approval of RBI.
4. Some of the banks that had been granted extension of time beyond the stipulated date i.e. September 30, 2010 for achieving the PCR of 70 percent on their request, should calculate the required provisions for 70 percent PCR as on September 30, 2010 and compute the shortfall therefrom. This shortfall should be built up at the earliest and these banks should reassess the further time required beyond March 31, 2011, if any, to build up the buffer and seek approval from RBI.
5. As hitherto, the PCR should be disclosed in the Notes to Accounts to the Balance Sheet.

RBI/2010-11/488 DBOD.No.BP.BC. 88 /21.06.014/2010-11 dated April 27, 2011

Implementation of the Advanced Measurement Approach (AMA) for Calculation of Capital Charge for Operational Risk

The Chairman and Managing Directors/
Chief Executive Officers of All Commercial Banks
(Excluding Regional Rural Banks and Local Area Banks)

Please refer to our circular DBOD.No.BP.BC.23/21.06.001/2009-10 dated July 7, 2009, inter alia advising banks that they can apply for migrating to Advanced

Measurement Approach (AMA) for calculation of capital charge for Operational Risk from April 1, 2012 onwards.

2. The Basel II Framework presents three methods for calculating operational risk capital charge in a continuum of increasing sophistication and risk sensitivity:

- i. the Basic Indicator Approach (BIA);
- ii. the Standardised Approach (TSA)/ Alternative Standardised Approach (ASA); and
- iii. Advanced Measurement Approaches (AMA).

3. The guidelines for calculating operational risk capital charge for BIA and TSA/ASA have been issued separately. The guidelines on AMA for computing capital charge for operational risk are annexed. The various aspects of the guidance vis-a-vis the form in which they find place in Basel II Framework, have been elaborated upon in order to provide a comprehensive background to important concepts used in measurement and management of operational risk.

4. This guidance is in addition to that contained in 'Guidance Note on Management of Operational Risk' issued by RBI vide its circular DBOD.No.BP.BC.39/21.04.118/2004-05 dated October 14, 2005 and wherever there is conflict between the two, the guidance contained in this circular would prevail.

5. Banks intending to migrate to AMA for computing capital charge for operational risk are advised to assess their preparedness with reference to these guidelines. As and when they are ready for introduction of AMA, they may first give Reserve Bank of India (RBI) (Chief General Manager-in-Charge, Reserve Bank of India, Department of Banking Operations & Development, Central Office, 12th Floor, Shahid Bhagat Singh Road, Mumbai - 400001), a notice of intention. RBI will first make a preliminary assessment of the bank's risk management system and its modeling process. If the result of this preliminary assessment is satisfactory, RBI will allow the bank to make a formal application for migrating to AMA. RBI will then perform a detailed analysis of the bank's risk management system and proposed model prior to according approval.

6. It may be reiterated that banks would have the discretion to adopt AMA, while continuing with simpler approaches for computation of capital for credit and market risks. Further, a bank following BIA can switch over to the AMA directly. However, as banks are aware, all the qualitative requirements relating to operational risk management applicable to TSA form part of the qualitative requirements for AMA. Therefore, a bank may also consider moving to TSA first so that the work done in the implementation of TSA could be used to meet part of the requirements for AMA as and when the bank considers switching over to that approach.

RBI/2010-11/491 A.P. (DIR Series) Circular No. 54 dated April 29, 2011

Issue of Irrevocable Payment Commitment (IPCs) to Stock Exchanges on behalf of Mutual Funds (MFs) and Foreign Institutional Investors (FIIs)

All Category – I Authorised Dealer banks

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Regulation 5(2) and Schedule 2 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time, in terms of which Foreign Institutional Investors (FIIs) registered with SEBI may purchase shares or convertible debentures of an Indian company under the Portfolio Investment Scheme (PIS). Further, attention of AD Category – I banks is also invited to the Foreign Exchange Management (Guarantee) Regulations, notified vide Notification No. FEMA 8/2000-RB dated May 3, 2000, as amended from time to time, in terms of which, no fund based / non-fund based facilities are permitted to the FIIs.

2. It has now been decided to allow custodian banks to issue Irrevocable Payment Commitments (IPCs) in favour of the Stock Exchanges / Clearing Corporations of the Stock Exchanges, on behalf of their FII clients for purchase of shares under the PIS. Issue of IPCs should be in accordance with the Reserve Bank

regulations on banks' exposure to the capital market issued by the Reserve Bank from time to time. Further, AD Category – I banks may also comply with the instructions issued by our Department of Banking Operations and Development (DBOD) vide circular no. DBOD Dir. BC.46/13.03.00/2010-11 dated September 30, 2010.

3. Necessary amendments to the Foreign Exchange Management (Guarantee) Regulations, 2000, notified vide Notification No. FEMA 8/2000-RB dated May 3, 2000 will be issued separately.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

RBI/2010-11/493 A.P. (DIR Series) Circular No. 56 dated April 29, 2011

Foreign Exchange Management Act, 1999- Advance Remittance for Import of Goods – Liberalisation

All Authorised Dealers in Foreign Exchange

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to A. P. (DIR Series) Circular No.106 dated June 19, 2003, A. P. (DIR Series) Circular No.15 dated September 17, 2003 and A.P. (DIR Series) Circular No.09 dated August 21, 2008 in terms of which AD Category – I banks are required to obtain an unconditional, irrevocable standby Letter of Credit (LC) or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter guarantee of an international bank of repute situated outside India, for an advance remittance exceeding USD 100,000 or its equivalent.

2. With a view to liberalising the procedure, it has been decided to enhance the aforesaid limit of USD 100,000 to USD 200,000 or its equivalent, with immediate effect for importers (other than a Public

Sector Company or a Department/Undertaking of Central/State Governments where the requirement of bank guarantee is to be specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD 100,000 or its equivalent).

3. All the other instructions including the facility to waive the requirement of the standby LC/ bank guarantee for advance remittance up to USD 5,000,000 or its equivalent, where the AD Category – I bank is satisfied about the track record and bonafides of the importer based on their internal Board approved policy, contained in A.P. (DIR Series) Circular No. 09 dated August 21, 2008, shall remain unchanged.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11 (1) of the Foreign Exchange Management Act 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

RBI/2010-11/494 DBS.CO.ITC.BC.No. 6/31.02.008/2010-11 dated April 29, 2011

Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds- Implementation of recommendations

The Chairman/Chief Executives of

All Scheduled Commercial Banks (excluding RRBs)

As you are aware, following the announcement in the April 2010 Monetary Policy Statement, the Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds was constituted, under the Chairmanship of Shri G. Gopalakrishna, Executive Director, RBI. The Group examined various issues arising out of the use of Information Technology in banks and made its recommendations in nine broad areas. These areas are IT Governance, Information Security, IS Audit, IT Operations, IT Services Outsourcing, Cyber Fraud, Business Continuity Planning, Customer Awareness programmes and Legal aspects. The report was placed on the RBI website on January 21, 2011. Subsequently, on

February 1, 2011, views/comments of all stake-holders and the public at large on the Report were invited. After taking into account various responses, final guidelines in the respective areas as mentioned above are now being issued to banks for implementation. The guidelines are enclosed herewith for implementation by banks.

(b) The guidelines are not 'one-size-fits-all' and the implementation of these recommendations need to be risk based and commensurate with the nature and scope of activities engaged by banks and the technology environment prevalent in the bank and the support rendered by technology to the business processes. Banks with extensive leverage of technology to support business processes would be expected to implement all the stipulations outlined in the circular. For example, banks which do not offer transactional facilities in internet banking would not be required to implement specific measures for transactional internet banking facility outlined in the guidelines. Further, various instructions in 'IT operations' chapter like detailed configuration management practices may not be necessary for banks that do not develop or maintain critical applications internally, though such practices may be expected from the external vendor providing such services.

(c) The Group had endeavored to generate self-contained and comprehensive guidelines. This has resulted in reiteration of certain guidelines already prescribed by RBI, for example, in certain areas relating to information security, outsourcing, BCP and IS Audit. However, there are certain guidelines like the checklist for computer audit prescribed in the year 2002 which on the whole cannot be ignored since the nature of coverage is different. In the event of a direct conflict with an earlier guideline, the new guideline would be the basis for implementation by banks. Else, the relevant guidelines prescribed earlier would be an adjunct to the present guidelines issued herewith. It would be the endeavor of RBI to develop the enclosed guidelines as a Master Circular incorporating relevant old and new circulars on related subject areas in due course. In the event of any further clarifications in the matter, banks may approach RBI for further guidance.

(d) The Group's report was largely technology neutral except in exceptional circumstances where a specific technology/methodology may be suggested due to legal reasons or for enhanced security or for illustrative

purpose. It is clarified that except where legally required, banks may consider any other equivalent/better and robust technology/methodology based on new developments after carrying out a diligent evaluation exercise.

(e) Banks may have already implemented or implementing some or many of the requirements indicated in the circular. In order to provide focused project oriented approach towards implementation of guidelines, banks would be required to conduct a formal gap analysis between their current status and stipulations as laid out in the circular and put in place a time-bound action plan to address the gap and comply with the guidelines. However, banks need to ensure implementation of basic organizational framework and put in place policies and procedures which do not require extensive budgetary support, infrastructural or technology changes, by October 31, 2011. The rest of the guidelines need to be implemented within period of one year unless a longer time-frame is indicated in the circular. There are also a few provisions which are recommendatory in nature, implementations of which are left to the discretion of banks.

(f) Given the fact the guidelines are fundamentally expected to enhance safety, security, efficiency in banking processes leading to benefits for banks and their customers, the progress in implementation of recommendations may be monitored by the top management on an ongoing basis and a review of the implementation status may be put up to the Board at quarterly intervals. Banks may also incorporate in their Annual Report from 2011-12 onwards broadly the measures taken in respect of various subject areas indicated in these guidelines.

(g) The measures suggested for implementation cannot be static. Banks need to pro-actively create/fine-tune/modify their policies, procedures and technologies based on new developments and emerging concerns.

(h) Reserve Bank of India would review the progress in implementation of the guidelines in its Quarterly Discussions with banks and would examine comprehensively the efficacy of implementation of the guidelines commensurate with nature and scope of operations of individual banks from the next AFI cycle (for the period 2011-12) onwards.

Annex

Format for Computing Countercyclical Provisioning Buffer

Amount in ₹ in Crores

Computing Countercyclical Provisioning Buffer as on September 30, 2010

1	2	3	4	5	6	7	8
		Gross NPA @ Plus Technical/ Prudential Write-off*	Specific Provisions for NPAs held/ required	Provisions for diminution in fair value of the restructured accounts classified as NPAs	Technical write-off	Total (4+5+6)	Ratio of (7) to (3)
1.	Sub-Standard Advances						
2.	Doubtful Advances (a+b+c) a < 1 year b 1-3 Years c >3 years						
3.	Advances classified as Loss Assets						
4.	Total						
5.	Floating Provisions for Advances (only to the extent they are not used as Tier II Capital)						
6.	DICGC / ECGC claims received and held pending adjustment						
7.	Part payment received and kept in Suspense Account or any other similar account						
8.	Total (Sum of column 7 of Row 4+ Row 5 + Row 6+ Row 7)						
9.	Provision Coverage Ratio {(Row 8/Total of Column 3 of Row 4)*100}						
10.	If PCR < 70%, shortfall in provisioning to achieve PCR of 70% (70% of Column 3 of Row 4 – Row 8)						
11.a	Countercyclical Provisioning Buffer, if bank has achieved PCR of 70% - Floating Provisions for advances to the extent not used as Tier II capital (Row 5)						
11.b	Countercyclical Provisioning Buffer, if bank has not achieved PCR of 70% - Floating Provisions for advances to the extent not used as Tier II capital (Row 5) + Shortfall in provisioning to achieve PCR of 70%, if any (Row 10) which needs to be built up at the earliest.						