

RBI Clarifies Refinance Cos Provision Norms

The Reserve Bank of India on Wednesday clarified that floating provisions were only for contingencies under extraordinary circumstances for making specific provisions. The Reserve Bank of India (RBI) said in a notification that the term lending and refinance companies cannot use floating provisions in place of specific provisioning. Only under extraordinary circumstance, with prior permission from the company's board and the RBI can these term lending institutions write back the floating provisions for making specific provisions, RBI said. These lending institutions are National Housing Bank, National Bank for Agriculture and Rural Development, Export Import Bank, and Small Industries Development Bank of India.