

## **India's banking norms more 'rigorous' than Basel framework: Panel**

Indias banking norms in certain aspects are more rigorous than what has been prescribed under the Basel- III framework for capital adequacy, says a report.

After a detailed assessment that took into account 14 components, the Basel Committee on Banking Supervision on Monday said India complies with Basel standards.

The panel, which works towards improving the quality of banking supervision worldwide, on Monday released its Basel- III implementation assessment reports of India and South Africa.

“Overall, the assessment outcomes for both India and South Africa are highly positive and reflect various amendments to the risk- based capital and LCR (liquidity coverage ratio) rules undertaken by the authorities during the assessment,” the committee said.

It further noted that “several aspects of the domestic rules in both countries ( India and South Africa) are more rigorous than required under the Basel framework”.

The committee also assessed Indias implementation of the LCR norms under the Basel framework.

“Regarding the LCR, India is assessed overall as largely compliant, reflecting the fact that most but not all provisions of the Basel standards were satisfied,” the report said.

The implementation of the LCR regulations component is assessed as “ largely compliant” and implementation of the LCR disclosure standards component is assessed as “ compliant”, it added.

The assessment has been done under the committees Regulatory Consistency Assessment Programme (RCAP) — which assesses the consistency and completeness of a jurisdictions adopted standards and the significance of any deviations from the regulatory framework.

However, RCAP does not take account of a jurisdictions bank supervision practices nor does it evaluate the adequacy of regulatory capital and high- quality liquid assets for individual banks or abanking system as a whole.

In March 2014, the Reserve Bank of India had extended the deadline for banks to implement global capital norms, Basel- III, to March 2019. The government has been pumping in funds to recapitalise state- owned banks and has earmarked Rs.7,900 crore in the Budget for the current financial year ending March 31, 2016.

With regard to India, the panel said that overall the domestic implementation of the risk- based capital framework is found to be “ compliant” with the Basel standards as all 14 components are assessed as “ compliant”.

*(Business Standard)*