

**Significant Changes made by Reserve Bank of India in respect of NPA.**

Sr. No.	Subject	Circular date
1.1	With effect from <b>31-03-2005</b> , an asset would be classified as doubtful if it remained in the sub-standard category for 12 months. Banks are, however, permitted to phase the consequent additional provisioning over a four-year period commencing from the year ending 31-03-2005, with a minimum of 20 % each year.	11-09-2002 Amended on 27-09-2004
1.2	Additional provision to be phased over 5 years with minimum of 10 % for first 2 years, namely 31-03-2005 & 31-03-2006	27-09-2004
2.0	NPAs should be identified on going basis and required provision for NPAs should be made at quarterly intervals in accounts.	01-06-2004
3.1	All advances classified as 'doubtful more than three years' on or after April 1, 2004, the provisioning requirement would be 100 %.	30-06-2004
3.2	The said date was extended to 01-04-2006.	27-09-2004
3.3	The said date was extended to 01-04-2007.	30-04-2007
3.3	Provision of Doubtful > 3 years as on 31-03-2007 will be as under:	30-04-2007
	As on 31-03-2007: 100% of shortfall + 50% of realizable security	
	As on 31-03-2008: 100% of shortfall + 60% of realizable security	
	As on 31-03-2009: 100% of shortfall + 75% of realizable security	
	As on 31-03-2010: 100% of shortfall + 100% of realizable security.	
4.1	90 days loan impairment norms will now be applicable to Gold loan & small loans up to Rs. 1 lac from year ending 31-03-2005. Exemption of 180 days loan impairment norms to these loans up to 31-03-2004 has been withdrawn by the said notification.	04-08-2004
4.2	Circular dated 04-08-2004 was reconsidered by RBI in view of requests made by Banks / Federation/ Association of UCBs. 90 days loan impairment norms will now be applicable to Gold loan & small loans up to Rs. 1 Lac from year ending 31-03-2007.	04-09-2004
5.0	OIR in respect of unrealized interest on Performing Assets need not be created.	30-03-2005
6.0	Provision on Standard Assets has been enhanced from 0.25 % to 0.40 %	24-11-2005
7.0	It has now been decided to increase the general provisioning requirement on standard advances in specific sectors, <i>i.e.</i> , personal loans, loans and advances qualifying as capital market exposures and commercial real estate loans from the present level of 0.40 % to 1.0 %	15-06-2006
8.0	It has now been decided to increase the general provisioning requirement on standard advances in specific sectors, <i>i.e.</i> , personal loans, loans and advances qualifying as capital market exposures and commercial real estate loans from the present level of 1.00 % to 2.0 %	19-02-2007