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**RAJASTHAN FINANCIAL CORPORATION**  
(Accounts Section)

Udyog Bhawan,  
Tilak Marg,  
Jaipur-302 005

Ref. No. RFC/F.11(9)/655

Dated:- 15/12/2011  
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**CIRCULAR**  
(Accounts : (A))

**Reg:- Master Circular- Prudential Norms on Income  
Recognition, Asset Classification and Provisioning  
Pertaining to Advances**

SIDBI has issued a comprehensive master circular No. F1.14/2011-12 dated September 02,2011 by consolidating the guidelines issued on the subject of Income Recognition, Asset Classification and Provisioning different categories of Advances viz standard, NPA (Sub standard, Doubtful and Loss), Restructured Advances, Projects under implementation, Project Loans for Infrastructure Sector etc. etc.

As per the Master Circular, the age of default for categorization of assets has remained the same but the rate of provisioning has been revised as under:-

Standard Category (contingent provision)	Existing	Revised
Small and Micro Enterprise	0.25%	0.25%
Commercial Real Estate Category	0.25%	1%
Others	0.25%	0.40%

Category of Assets and age of default	Existing		Revised	
	Secured Portion	Unsecured Portion	Secured Portion	Unsecured Portion
Sub Standard 12 months	10%		15%	
DA-1 (up to 1 year old)	20%	100%	25%	100%
DA-2 (more than 1 year and up to 3 years old)	30%	100%	40%	100%
DA-3 (more than 3 years old)	100%	100%	100%	100%
Loss Assets	100%	100%	100%	100%

Contd...2

It may not be out of place to mention that increase in the provisioning requirement have a negative effect on the profitability of the Corporation. Therefore, it is need of the hour that all out efforts are made so as to reduce the number of NPA Accounts and also to upgrade the category of NPA Accounts so that the impact of increased rate of provisioning would be set off against the upward revision of the existing NPA Accounts and reduction thereof.

All concerned are advised to take a note of above and strive hard to reduce the number of NPA Accounts and to upgrade the category of NPA Accounts.

  
(S.K. ASWAL)

Executive Director (Fin)

**Copy to:-**

1. All BO/SO
2. DGM(Operations), HO,Jaipur
3. Standard Circulation at HO