



**Board for Internal Audit & Management
Accounting of the ICAI
Certificate Course on Concurrent Audit of Banks
450th Batch at Rajkot**

**Session XI & XII
Prudential Norms on Income Recognition,
Assets Classification and Provisioning**

**CA Niranjan Joshi
21.06.2025**

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Agenda



Objective – Prudential Norms of IRAC and Provisioning pertaining to Advances

Guidelines – RBI/HO Recovery Policy/ICAI

Checklist

Reporting Formats

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Master Circular 02.04.2024



PART A – General
 Definitions (2 / 2.1, 2.2, 2.3)
 Income Recognition (3 / 3.1 to 3.5)
 Asset Classification (4 / 4.1, 4.2)
 Provisioning Norms (5 / 5.1 to 5.10)
 Writing Off of NPAs (6 / 6.1, 6.2)
 NPA Management (7)

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Master Circular 02.04.2024

PART B1 - Framework for Resolution of Stressed Assets
 (8 to 15)
 PART B2 - Prudential Norms Applicable to Restructuring
 (16 to 27)
 PART C – Miscellaneous
 (28 to 35)
 PART D – Annexes
 (A 1 to A 5)

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Objective (1.2)

Policy of **Income Recognition** should be objective & based on record of recovery rather than on any subjective considerations.

Classification of Assets on the basis of objective criteria, which ensure a uniform & consistent application of the norms.

Provisioning made on the basis of the classification of assets based on the period for which the asset has remained non-performing & the availability of security & the realisable value thereof.

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Asset Classification

PERFORMING ASSET (Standard Assets)	Performance (Int + Inst) RISK
Account is <u>performing</u> & <u>does not</u> carry more than <u>normal risk</u> attached to the business.	
NON-PERFORMING ASSET (NPA) (Sub Standard, Doubtful, Loss)	Performance (Int + Inst) RISK
Asset <u>ceases to generate</u> income. Higher Risk than Normal Risk attached to business. Non performing as per various criteria for various types of loans.	

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Identification of NPA

Term Loans (2.1.2)

Interest and/or Installment remains **overdue** for a period of **more than 90 days**

[Loans such as Housing / education / Staff Loans etc., calculate overdue after the end of moratorium period, if any]

Overdue (2.3)

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Important to note due dates

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Identification of NPA

Bills Purchased / Discounted (2.1.2)

Bill Purchased / Discounted remains overdue for a period of **more than 90 days**

Derivative Transactions (2.1.2)

Overdue receivables representing positive mark to market value of derivative contract remaining unpaid for a period of **90 days** from specified due date

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Identification of NPA

Liquidity Facility (2.1.2)

The amount of liquidity facility drawn and outstanding for **more than 90 days**, in respect of securitisation transactions undertaken in terms of Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021, as amended from time to time, should be classified as NPA and fully provided for.

Credit Card Dues (4.2.19)

If minimum amount due, as mentioned in the statement, is not paid fully within **90 days** from the due date.

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Identification of NPA

Agricultural Advances (2.1.2)

Short Duration Crop – the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops
(Short duration crops are which are not long duration crops)

Long Duration Crop – the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
(crop season longer than 1 year)

The crop season for each crop, which means the period up to harvesting of the crops raised, would be as determined by the State Level Bankers' Committee in each State.

How to find about duration of crops? *

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Identification of NPA

These norms applicable only to **Farm Credit** extended to agricultural activities as listed at Annexure II

Farm Credit should include:

A. Loans to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data of such loans] and Proprietorship firms of farmers, directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture. This will include:

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Identification of NPA

- i. Crop loans to farmers, which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities.
- ii. Medium and long-term loans to farmers for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)
- iii. Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.
- iv. Loans to farmers up to ₹5 million against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.
- v. Loans to distressed farmers indebted to non-institutional lenders.
- vi. Loans to farmers under the Kisan Credit Card Scheme.
- vii. Loans to small and marginal farmers for purchase of land for agricultural purposes

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Identification of NPA

B. Loans to corporate farmers, farmers' producer organizations/companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, viz. diary, fishery, animal husbandry, poultry, bee-keeping and sericulture up to an aggregate limit of ₹20 million per borrower. This will include:

- (i) Crop loans to farmers which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities.
- (ii) Medium and long-term loans to farmers for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)

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Identification of NPA

- (iii) Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.
- (iv) Loans up to ₹5 million against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.

Loans to Primary Agricultural Credit Societies (PACS), Farmers Service Societies (FSS) and Large sized Adivasi Multi purpose Societies (LAMPS) for on lending to agriculture.

In respect of agricultural loans, other than those specified in the Annex - 2, identification of NPAs would be done on the **same basis as non-agricultural advances**, which, at present, is the **90 days delinquency norm**.

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Income Recognition

Policy of income recognition has to be objective and based on record of recovery. Banks should not charge and take to income account interest on any NPA. (3.1.1)

Interest on Advances against Term Deposits, NSC, KVP, IVP and Life Policies may be taken to income account on due date, provided adequate margin is available in the account. (3.1.2)

Fees and commissions earned by banks as a result of renegotiation and reschedulement of outstanding debts should be recognised on accrual basis over the period of time covered by extension of credit. (3.1.3)

If any advance becomes NPA, the entire interest accrued and credited to income in past periods should be reversed if the same is not realised. (3.2.1)

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Income Recognition

In respect of NPA, ~~fees, commission or similar~~ income that have accrued, should cease to accrue for past periods, if uncollected. (3.2.2)

Interest realised on NPA may be taken to income provided credits are not out of fresh/additional credit facility sanctioned to borrower. (3.3.1)

In absence of clear agreement between bank and borrower for the purpose of appropriation of recoveries in NPA (interest or principal), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. (3.3.2)

On account turning NPA, Banks should reverse the interest already charged and not collected by debiting P&L Account and stop further application of interest. (3.4)

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Classification Norms (4)

Standard Asset	The account is performing
Sub-Standard Asset	A sub standard Asset is one which has remained a Non Performing Asset for a period of less than or equal to 12 months.
Doubtful	I – up to 1 years (second year) II – 1 to 3 years (3 rd and 4 th Year) III – More than 3 years (4 th year onwards)
Loss Assets	These are accounts, identified by the bank or internal or external auditors or by RBI Inspectors as wholly irrecoverable but the amount for which has not been written off.

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Classification Norms

Availability of security or net worth should not be considered while treating advance as NPA (4.2.3)

Temporary deficiencies (4.2.4)
 Outstanding Balance in account based on the DP calculated from stock statements older than 3 months would be deemed as irregular & if such irregular drawings are permitted for a period of 90 days, account needs to be classified as NPA. (TD)

Non-renewal/ Non – regularisation of regular/ adhoc limit within 180 days from the due date. (TD)

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Classification Norms

Upgradation (4.2.5)
 If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as NPA and may be classified as 'Standard' account. For restructured accounts refer para 12.2 and 15.2 of master circular.

Accounts regularised near about the BS Date (4.2.6)
 Care should be taken that a solitary or few credits in the account made at/near the balance sheet date extinguishing the overdue interest/principal is not the only criteria for classifying the asset as standard.

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Classification Norms

Classification Borrower wise and not facility wise (Qua borrower) (4.2.7)
 All facilities granted to a borrower shall be treated as NPA & not only that facility which has become irregular.

Advances to Primary Agricultural Credit Society (PACS) and Farmers Service Societies (FSS) ceded to commercial banks. (4.2.10) Qua borrower concept not to apply. Only facility which is overdue will be classified as NPA.

Consortium Advances (4.2.8)

- Member banks shall classify the accounts according to their own record of recovery.
- Bank needs to arrange to get their share of recovery or obtain an express consent from the Lead Bank.

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Classification Norms

Erosion in Value of Security (4.2.9)
 Where realisable value of security is less than 50% of the value assessed, account to be straightaway classified as Doubtful Asset.
 Where realisable value of security is less than 10% of outstanding balance, account to be straightaway classified as Loss Asset.

Advances against TD/KVP/NSC/IVP/LIP etc.
 These advances need not be treated as NPA provided adequate margin is available. Advances against Gold loans, government securities are not covered in this criteria. (4.2.11)

Central Government guaranteed advance to be classified as NPA only if Government repudiates the guarantee when invoked. (4.2.14)

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Project under Implementation

Project Loan: A Term Loan extended for the purpose of setting up of an economic venture.

Banks should fix **date of completion (DOC)** and **Date of Commencement of Commercial Operations (DCCO)** for all project loans at the time of sanction of the loan / financial closure

For all projects financed by the FIs/ banks after 28th May, 2002, the DOC and the DCCO of the project should be clearly spelt out at the time of **financial closure of the project.** (para 4.2.15)

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Project Loans - Types

Project Loans of Two Types:-
Infrastructure / Non Infrastructure

A loan for an infrastructure / Non Infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and eligible for Standard classification.

Classify as NPA if its fails to commence commercial operations within two years from the original DCCO, even if regular as per record of recovery, unless restructured and eligible to be classified a standard.

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Project Loan – Asset Classification

	Infrastructure	Non Infrastructure
Classified as NPA if it fails to commence commercial operations within	Two (2) years from the original DCCO, even if regular as per record of recovery.	One (1) years from the original DCCO, even if regular as per record of recovery.
Standard account Restructured any time during the period up to	Two (2) years from the original DCCO, it can be retained as standard.	Two (2) years from the original DCCO, it can be retained as standard.
Fresh DCCO is fixed 1. In cases involving court cases	Upto another Two (2) years (beyond extended period of 2 years) total 4 years	-
2. In cases involving other reasons beyond control of promoters	Upto another One (1) years (beyond extended period of 2 years) total 3 years	-

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Project under Implementation

	Infrastructure	Non Infrastructure
	This is subject to adherence to provisions regarding restructuring.	
Application to be received for restructuring before the expiry of period	Two (2) years from the original DCCO, when account is standard as per record of recovery.	One (1) years from the original DCCO, when account is standard as per record of recovery.
Provisioning	Additional provisioning if standard. If appointed date is extended by concession authority, this will not be restructuring	Additional provisioning if standard.

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Project Loans – Other Issues

Mere extension of DCCO within permitted time limits & consequential shift in repayment period by equal or shorter duration would not mean restructure, provided all other terms & conditions remain unchanged.

Multiple revisions of DCCO within the permitted time limits will not be considered as repeated restructuring.

CRE projects merely extension of DCCO would not be considered as restructuring, if the revised DCCO falls within a period of 1 year from original DCCO & there is no change in other terms & conditions except possible shift of repayment schedule and servicing of loan. Such CRE projects will be treated as Standard.

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Sale of Financial Assets to Securitisation Company / Reconstruction Company

Procedure to be followed

SARFAESI Act 2002 allowed acquisition of financial assets by SC/RC from banks / FIs, without recourse basis, meaning thereby entire risk associated with financial asset, being transferred to SC/RC.

Banks to ensure that sale is conducted in prudent manner as per Board approved policy

Banks to ensure that subsequent to sale of financial asset, they do not assume any operational, legal or any other type of risk related to the financial asset sold

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Sale of Financial Assets to Securitisation Company / Reconstruction Company

Bank/FI will make its own assessment of the value offered by the SC/RC for the financial asset & decide whether to accept or reject the offer.

In consortium / multiple banking arrangements, if 75% (by value) of the banks/FIs decide to accept the offer, the remaining banks/FIs will be obligated to accept the offer.

Under no circumstances can a transfer to the SC/ RC be made at a contingent price whereby in the event of shortfall in the realization by the SC/RC, the banks/ FIs would have to bear a part of the shortfall.

Banks using auction process for sale of NPAs to SCs / RCs should be more transparent, including disclosure of the Reserve Price, specifying clauses for non-acceptance of bids, etc. If a bid received is above the Reserve Price and a minimum of 50 per cent of sale proceeds is in cash, and also fulfills the other conditions specified in the Offer Document, acceptance of that bid would be mandatory.

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Sale of Financial Assets to Securitisation Company / Reconstruction Company

Banks/ FIs may receive cash or bonds or debentures as sale consideration for the financial assets sold to SC/RC.

Bonds/ debentures received by banks/ FIs as sale consideration towards sale of financial assets to SC/RC will be classified as investments in the books of banks/ FIs.

Banks may also invest in security receipts, Pass-through certificates (PTC), or other bonds/ debentures issued by SC/RC. These securities will also be classified as investments in the books of banks/ FIs.

In cases of specific financial assets, where it is considered necessary, banks/ FIs may enter into agreement with SC/RC to share, in an agreed proportion, any surplus realised by SC/RC on the eventual realisation of the concerned asset. In such cases the terms of sale should provide for a report from the SC/RC to the bank/ FI on the value realised from the asset. No credit for the expected profit will be taken by banks/ FIs until the profit materializes on actual sale.

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Write Off – NPA's

Banks may write off accounts at HO Level even though the advances are still outstanding at branches. (6.2)

It is necessary that provision is made as per the classification accorded to the respective accounts .

The banks should either make **full provision** as per the guidelines or write off such advances & claim such tax benefits as are applicable, by evolving appropriate methodology in consultation with their auditors/tax consultants. Recoveries made in such accounts should be offered for tax purposes as per the rules. (6.1.3)

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Part B1 – Framework for Resolution of Stressed Assets

Early recognition of Stress (Para 8)

SMA Subcategories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue between
SMA – 0	Up to 30 Days
SMA – 1	More than 30 days upto 60 days
SMA – 2	More than 60 days upto 90 days
SMA Subcategories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA – 1	More than 30 days upto 60 days
SMA – 2	More than 60 days upto 90 days

RBI Circular No. DBS.CO.OSMOS/ B.C./4/ 33.04.006/ 2012-2013 dated 12.09.2002

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Early Recognition of Financial Distress

Central Repository of Information on Large Credits (CRILC)

Banks to report credit information of borrowers.

Banks are advised that as soon as an account is reported by any of the lenders to CRILC as SMA-2, they should mandatorily form a committee to be called JLF if the aggregate exposure (AE) of lenders in that account is Rs. 1000 million & above. Lenders also have the option of forming a JLF even when the AE in an account is less than Rs.1000 million &/or when the account is reported as SMA-0 or SMA-1.

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Para 9 – refer RBI Circular dated 07.06.2019

Implementation of Resolution plan
Prudential Framework for Resolution of Stressed Assets

Effective date: Immediate
Apply to:
Scheduled Commercial Banks (excluding RRBs)
All India Term Financial Institutions (NABARD, NHB, EXIM Bank, SIDBI)
Small Finance Banks
Systematically important Non-Deposit taking NBFC's and Deposit taking NBFC's

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Para 9 – refer RBI Circular dated 07.06.2019

Purpose
Providing framework for early recognition, reporting and time bound resolution of stressed assets

These directions are issued without prejudice to issuance of specific directions, from time to time, by the Reserve Bank to banks, in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code, 2016 (IBC).

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Para 9 – refer RBI Circular dated 07.06.2019

Framework for Resolution of Stressed Assets
Early Identification and reporting of stress
Implementation of Resolution Plan
Implementation conditions of Resolution Plan
Delayed implementation of Resolution Plan
Prudential Norms

Supervisory Review
Disclosures
Exceptions
Withdrawal of extant instructions

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Para 9 – refer RBI Circular dated 07.06.2019

Implementation of Resolution Plan

All lenders must put Board Approved Policy
 Expected that the lenders initiate the process of implementing Resolution Plan even before a default
 Once default is reported, "Review Period" of 30 days, wherein lenders may decide on resolution strategy, may choose to initiate legal proceedings for insolvency or recovery.
 If RP is to be implemented, all lenders to sign inter creditor agreement (ICA) during Review Period. Decision to be taken as agreed by lenders representing 75% by value of total outstanding credit facilities (FB+NFB) and 60% of lenders by number.

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RBI Circular dated 07.06.2019

On or after the reference date, resolution plan must be implemented within 180 days from end of review period

Aggregate exposure of the borrower to lenders	Reference Date
Rs. 20 Billion (2000 Crores) and Above	Date of these directions
Rs. 15 Billion (1500 Crores) and above but less than Rs. 20 Billion (2000 Crores)	January 1, 2020
Less than Rs. 15 Billion (1500 Crores)	To be announced in due course

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RBI Circular dated 07.06.2019

Implementation conditions of Resolution Plan

1 billion (100 Cr) and above exposure – Independent Credit Evaluation (ICE) of the residual debt by Credit Rating Agencies (CRAs) specifically authorised by RBI for this purpose.
 5 billion (500 Cr) and above exposure – Two such Independent Credit Evaluation (ICE) of the residual debt by Credit Rating Agencies (CRAs) specifically authorised by RBI for this purpose.
 RP is implemented if following conditions are met.

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RBI Circular dated 07.06.2019

RP Not involving Restructuring / Change in Ownership shall be deemed to be implemented only if the borrower is not in default with any of the lenders as on 180th day from the end of Review Period

RP Involving Restructuring / Change in Ownership shall be deemed to be implemented only if following conditions are met:

All related documentation, creation of security/charge / perfection of security are completed by the lenders

New Capital Structure and changes in terms of conditions of the existing loans gets duly reflected in the books of the lenders and borrower

Borrower is not in default with any of the lenders.

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RBI Circular dated 07.06.2019

Delayed implementation of Resolution Plan
Additional provision required when viable RP is not implemented

Timeline for implementation of viable RP	Additional Provision as % of total outstanding
180 days from the end of review1 period	20%
365 days from the commencement of Review Period	15%

Additional provision is to be made over and above the higher of following (max 100% of outstanding)

- Provisions already held.
- Provisions required to be made as per asset classification status of the borrower account.

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RBI Circular dated 07.06.2019

Prudential Norms – Restructuring

Restructuring is an act in which a lender, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower.

Restructuring may involve modification of terms of the advances / securities, which would generally include, among others, alteration of payment period / payable amount / the amount of instalments / rate of interest; roll over of credit facilities; sanction of additional credit facility/ release of additional funds for an account in default to aid curing of default / enhancement of existing credit limits; compromise settlements where time for payment of settlement amount exceeds three months.

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RBI Circular dated 07.06.2019

Non exhaustive indicative list of **"financial difficulty"**
(Based on Basel Committee Guidelines)

A default:

- Borrower not in default, but is probable that the borrower will default on any of its exposures in foreseeable future without the concession,
- Borrowers outstanding securities have been delisted
- Actual performance vs estimates, cash flows to be assessed insufficient to service all of its loans or debt securities
- Borrowers credit facilities are NPA
- Borrowers existing exposures are categorised as exposures that have already evidenced difficulty in borrowers ability to repay in accordance with banks internal credit rating system

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RBI Circular dated 07.06.2019

Asset Classification

On restructuring account will be downgraded from Standard to Substandard. NPAs will remain in same category

Upgradation

Only when all the outstanding loan / facilities in the account demonstrate 'satisfactory performance' during the period from the date of implementation of RP up to the date by which at least 10% of the sum of outstanding principal debt as per RP and interest capitalisation sanctioned as a part of the restructuring, if any, is repaid

(provided that account can not be upgraded before one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of RP)

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RBI Circular dated 07.06.2019

In addition to the satisfactory performance

In case of aggregate exposure of Rs. 1 Billion and above
External credit rating of investment grade BBB- or better

In case of aggregate exposure of Rs. 5 Billion and above
Two such external credit ratings of investment grade BBB- or better

On failure to demonstrate satisfactory performance during monitoring period, asset classification upgrade is subjected to fresh restructuring / change of ownership framework as per IBC and additional provision of 15% for such accounts should be made at the end of review period.

Provisioning as laid out in the Master Circular on Prudential Norms on IRAC dated 01.04.2023

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Part C - Miscellaneous

Willful defaulters and non co operative borrowers

Instructions regarding treatment of Willful Defaulters are contained in our Master Circular DBR.No.CID.BC.57/20.16.003/2014-15 dated July 1, 2014 (updated up to January 7, 2015) on 'Willful Defaulters' as updated from time to time. Banks are required to strictly adhere to these guidelines. In addition to these instructions and with a view to ensuring better corporate governance structure in companies and ensuring accountability of independent/professional directors, promoters, auditors, etc. henceforth, the following prudential measures will be applicable

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Provisioning Norms (5)

Asset Classification	Period as NPA	Regular Provisioning %	Accelerated Provisioning %
Sub Standard Asset Secured	Up to 6 M	15 %	15 %
	6 M to 1 Y	15 %	25 %
Sub Standard Asset Unsecured ab-initio	Up to 6 M	25 % other 20% Infra	25 %
	6 M to 1 Y	25 % other 20% Infra	40 %
Doubtful 1	2 nd Y	25% S / 100 % US	40% S / 100% US
Doubtful 2	3 rd & 4 th Y	40% S / 100 % US	100% S / 100% US
Doubtful 3	5 th Y onw	100% S / 100 % US	100% S / 100% US

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What is MSME – GOI Notification 26.06.2020

Classification of Enterprises

Enterprise	Criteria
Micro Enterprises	Investment in Plant & Machinery Does not exceed <u>one crore</u> rupees Turnover does not exceed <u>five crore</u> rupees
Small Enterprises	Investment in Plant & Machinery Does not exceed <u>ten crore</u> rupees Turnover does not exceed <u>fifty crore</u> rupees
Medium Enterprises	Investment in Plant & Machinery Does not exceed <u>fifty crore</u> rupees Turnover does not exceed <u>two hundred & fifty crore</u> rupees

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What is MSME – GOI Notification 01.04.2025

Classification of Enterprises

Enterprise	Criteria
Micro Enterprises	Investment in Plant & Machinery Does not exceed <u>two and half crore</u> rupees Turnover does not exceed <u>ten crore</u> rupees
Small Enterprises	Investment in Plant & Machinery Does not exceed <u>twenty five crore</u> rupees Turnover does not exceed <u>hundred crore</u> rupees
Medium Enterprises	Investment in Plant & Machinery Does not exceed <u>one hundred twenty five crore</u> rupees Turnover does not exceed <u>five hundred crore</u> rupees

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MCQ 1

In terms of RISK the definition of NPA account is, the account carrying

(a) Highest Risk (b) Higher than Normal Risk

(c) More than normal Risk (d) 100% Risk

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MCQ 2

While identifying advances accounts for Asset Classification as Non Performing Assets, the Value of Security available should be considered at the time of

(a) Identification of NPA (b) Classification of NPA

(c) Provisioning for NPA (d) None of the above

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MCQ 3

Which of the following assets is/are not NPAs

(a) Standard Asset (b) Fixed Asset

(c) Current Asset (d) All the above

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MCQ 4

If advance account becomes NPA then how much interest should be reversed

(a) Entire Interest which is not realised (b) Entire Interest for the period of 90 days

(c) Entire Interest for the financial year (d) Entire Interest since inception of the account

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MCQ 5

In case of Restructuring of Advance Account, which of the following is TRUE

(a) Restructuring can not be done retrospectively (b) Restructuring is subject to customer application

(c) Borrower indulging in Fraud and malfeasance is ineligible (d) All the above

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Case Study

- Term Loan - *
- Cash Credit (General) - *
- Cash Credit (TD) - *
- Loan Against Deposit - *

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Questions



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THANK YOU

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State Level Banker Committee 

bankofmaharashtra.in/state_level_bankers_committee

Welcome to State Level Bankers' Committee, Maharashtra

Particular	Details
State Level Bankers' Committee, Maharashtra	H.O. "Lokmangal", 1501, Shivajinagar, Pune-411005 Ph: Email:
Convener - Bank of Maharashtra	MD & CEO, Bank of Maharashtra & Chairman, SLBC, Maharashtra Ph: Fax: Email:
	General Manager, Agri, FI & Convener SLBC, Maharashtra Ph: Email:
	Assistant General Manager, Financial Inclusion & SLBC, Maharashtra Ph: Email:

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Case Study 1

Term Loan of Rs. 240 L was sanctioned on 31.10.2023 & disbursed on 01.11.2023. The Monthly Installment due was Rs. 4 L. Interest @ 12.5 % was charged on monthly rests. Tenure of Loan 5 years. Loan repayment schedule is given separately.

As on 30.06.2025 the Outstanding in Account is as under:

C1 – O/s TL Balance Rs. 168 L
C2 – O/s TL Balance Rs. 171 L
C3 – O/s TL Balance Rs. 176 L

Verify and Comment whether Account is NPA or Not
If NPA, also give Date of NPA

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Case Study 2

Cash Credit of Rs. 500 L was sanctioned on 01.10.2023 & disbursed on 01.11.2023. Renewed on 01.11.2024.

As on 30.06.2025 the position of Account is as per account statement given separately.

Verify and Comment

- Whether NPA or PA
- If NPA, what is Date of NPA

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Case Study 3

Cash Credit of Rs. 300 L was sanctioned on 01.10.2023 & disbursed on 01.11.2023. Renewed on 01.11.2024. Last Stock Statement Received for 30.11.2024 (on 10.12.2024)

As on 30.06.2025 the position of Account is as per account statement given separately.

Verify and Comment
- Whether account is NPA or PA

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Case Study 4

Cash Credit of Rs. 100 L was sanctioned on 01.01.2023 & disbursed on 01.02.2023. Renewed on 01.02.2024. Last Stock Statement for 31.05.2025 received on 05.06.2025

As on 30.06.2025 the position of Account is as per account statement given.

Verify and Comment
- Whether Account in NPA or PA

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Case Study 5

Advance Against Deposit
FDR Rs. 200 L @ 7.50% maturity on 30.09.2024.
LNFD R Rs. 180 L @ 8.50% upto 30.09.2025 on 10% margin.

Option I – as on 30.06.2025
FDR + Interest Rs. 225 L, Loan + Interest Rs. 200 L

Option II – as on 30.06.2025
FDR + Interest Rs. 225 L, Loan + Interest Rs. 235 L

Verify and Comment
- Whether Account is NPA or PA

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