

**Deviations in extant Prudential Norms as applicable
to Tier I and Tier II banks**

(Vide para 2.1.4)

	Tier I bank	Tier II bank
Definition	<p>(i) Unit banks i.e. banks having a single branch / Head Office and banks with deposits below Rs.100 crore, whose branches are located in a single district.</p> <p>ii) Banks with deposits below Rs.100 crore having branches in more than one district, provided the branches are in contiguous districts and deposits and advances of branches in one district separately constitute at least 95% of the total deposits and advances respectively of the bank.</p> <p>iii) Banks with deposits below Rs.100 crore, whose branches were originally in a single district but subsequently, became multi-district due to reorganization of the district.</p> <p>The deposit base of Rs. 100 crore for the above will be determined on the basis of average of the fortnightly Net Demand and Time Liabilities in the financial year concerned.</p>	Bank which is not a Tier I bank.
NPA norm	180 days loan delinquency norm for loan (including gold loans and small loan upto Rs 1 lakh). This relaxation is upto March 31, 2009 .	90 days loan delinquency norm for loan accounts including gold loans and small loans up to Rs. 1 lakh.
Asset Classification norm.	With effect from March 31, 2005, an asset is required to be classified as doubtful, if it has remained NPA for more than 12 months. However, for Tier I banks, the 12-month period for classification of a substandard asset in doubtful category will be effective from April 1, 2009	With effect from March 31, 2005, an asset is required to be classified as doubtful, if it has remained NPA for more than 12 months.

<p>Provisioning Norm.</p>	<p>(i) Standard Assets: 0.25 % for all type of standard advances.</p> <p>(i) Sub standard- 10%</p> <p>(ii) Doubtful (up to one year):100% of unsecured portion plus 20% of secured portion</p> <p>(iii) Doubtful (one to three years): 100% of unsecured portion plus 30% of secured portion</p> <p>(iv) Doubtful for more than 3 years D-III) : 100% of unsecured portion plus 50% of secured portion</p> <p>(v) Loss: 100%.</p> <p>W.e.f April 1, 2010- the provisioning norms for secured portion of the doubtful assets more than three years (D –III) are as under:</p> <p>(i) outstanding stock of D-III assets as on March 31, 2010 -50 per cent</p>	<p>(i) Standard Asset: 0.40 per cent. For agricultural and SME sectors it is 0.25 per cent. For personal loans, loans and advances qualifying as capital market exposures and commercial real estate loans, loans and advances to systemically important NBFCs-ND provisioning requirement is 2.0 %. Salary Earners' banks in Tier II may provide for standard assets in respect of personal loans at the rate of 0.4 percent</p> <p>i) Sub standard- 10%</p> <p>(ii) Doubtful (up to one year):100% of unsecured portion plus 20% of secured portion</p> <p>(iii) Doubtful (one to three years) : 100% of unsecured portion plus 30% of secured portion</p> <p>(iv) Doubtful for more than 3 years (D-III) : 100% of unsecured portion plus 50% of secured portion</p> <p>(v) Loss: 100%.</p> <p>W.e.f April 1, 2007- the provisioning norms for the secured portion of the doubtful assets more than three years (D –III) are as under</p> <p>(i) outstanding stock of D - III as on March 31, 2007</p>
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	<p>-60 per cent with effect from March 31, 2011 -75 per cent with effect from March 31, 2012 -100 per cent with effect from March 31, 2013</p> <p>(ii) advances classified as 'doubtful for more than three years' on or after April 1, 2010- 100 %.</p>	<p>-50 per cent -60 per cent with effect from March 31, 2008 -75 per cent with effect from March 31, 2009 -100 per cent with effect from March 31, 2010</p> <p>(ii) advances classified as 'doubtful for more than three years' on or after April 1, 2007- 100 %</p>
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