

(Illustrative entries on the provisioning requirement for secured portion of assets that are doubtful for more than three years D-III)

(vide para 5.1.2 (ii)(b))

Illustration 1. Existing stock of advances classified as 'doubtful more than 3 years' as on March 31, 2007

The outstanding amount as on March 31, 2007: Rs 25,000

Realisable value of security: Rs 20,000

Period for which the advance has remained in 'doubtful' category as on March 31, 2007: 4 years (i.e. Doubtful more than 3 years)

Provisioning requirement:

| As on ... | Provisions on secured portion | | Provisions on unsecured portion | | Total (Rs) |
|----------------|-------------------------------|--------|---------------------------------|--------|------------|
| | % | Amount | % | Amount | |
| March 31, 2007 | 50 | 10000 | 100 | 5000 | 15000 |
| March 31, 2008 | 60 | 12000 | 100 | 5000 | 17000 |
| March 31, 2009 | 75 | 15000 | 100 | 5000 | 20000 |
| March 31, 2010 | 100 | 20000 | 100 | 5000 | 25000 |

Illustration 2: Advances classified as 'doubtful more than three years' on or after April 1, 2007

The outstanding amount as on March 31, 2007: Rs 10,000/-

Realisable value of security: Rs 8,000/-

Period for which the advance has remained in 'doubtful' category as on March 31, 2007: 2.5 years

Provisioning requirement:

| As on | Asset classification | Provisions on secured portion | | Provisions on unsecured portion | | Total (Rs) |
|----------------|----------------------------|-------------------------------|------|---------------------------------|------|------------|
| | | % | Amt | % | Amt | |
| March 31, 2007 | Doubtful 1 to 3 years | 30 | 2400 | 100 | 2000 | 4400 |
| March 31, 2008 | Doubtful more than 3 years | 100 | 8000 | 100 | 2000 | 10000 |

Annex 6

**(Clarification on certain frequently asked questions)
(vide para no 7)**