

KARNATAKA STATE FINANCIAL CORPORATION

ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ



Established under the State Financial Corporations Act, 1951
1951ರ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳ ಕಾಯಿದೆಯನ್ವಯ ಸ್ಥಾಪಿತ



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ಸಂಖ್ಯೆ: ಕ.ರಾ.ಹ.ಸಂ/ಕಾ.ನಿ.ನಿ.-1/2015-16

ದಿನಾಂಕ: 19/10/2015
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CIRCULAR No. 917

**Sub: Assets classification and provisioning norms -
Restructured accounts.**

SIDBI vide Circular No. FI No.06/2015-16 dated 4th September 2015 has communicated the revision in the assets classification and provisioning norms. As per the revision, a standard asset which is subject to restructuring should be classified as Sub-standard immediately upon restructuring except for the extension of the date for commencement of commercial production for the project under implementation where revision is warranted in the date of commencement of commercial production.

The matter has been examined and it is observed that this will have impact on the provisioning requirements and Gross NPA and therefore, the following decisions have been taken:-

- (a) *The powers given for approving the reschedulement of the loan vides Circular No.950 dated 31st March 2012 have been withdrawn and all proposals where reschedulement is warranted should be placed before the CMD for approval.*

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(b) In respect of the projects under implementation where extension of date of commercial production and reschedulement of principal is warranted, the Branch Managers can continue to exercise their powers for re-fixation of the installments subject to the condition that the extension in repayment period shall not exceed two years compared to the original repayment schedule. Invariably, in all appraisal notes, the date of completion of the project and commencement of commercial production should be indicated by the appraisal officers. Wherever delay is observed, revision in the repayment should be effected with due caution to ensure that the proposal does not warrant one more restructuring.

The revision comes into effect from 01-04-2015. The Branch Managers are instructed to bring the contents of the Circular to the notice of all the officers concerned.



CHAIRMAN & MANAGING DIRECTOR

To:

All BMs/AGMs/ DGMs of Branches
All IACs
All Department Heads at HO
All GMs
Library
EDs : For information.