

① 1.5.20

Specialised Accounts.  
B. Com Part. II

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From the following particulars  
compute the Amount of Provision required to  
be made in the Profit & Loss Account of  
Indian Bank for 2017-18.

(Rs in Lakhs)

Assets:  
Standard 16000  
Sub standard 12000  
Doubtful:  
one year (Secured) 4800  
For two to three years. Secured - 3600  
For more than three years. Secured - 3600  
C Secured by Mortgage of Machine worth 1000 lakh  
Rs 1800.  
Non Recoverable Assets Rs 3000. Lakh.

Solution.  
Computation of Provision against advance.  
(Rs in Lakhs)

Classification of assets	Amount	% of Provision	Provision
Standard	16000	25%	4000
Sub-standard	12000	10%	1200
Doubtful for 1 year	4800	20%	960
Doubtful for 2 to 3 years	3600	30%	1080
Doubtful for more than 3 years	1800	100% of unsecured + 50% of secured	1300
Non recoverable Assets	3000	100%	3000
	<u>41200</u>		<u>7580</u>

Provision in case of Advance covered by  
Guarantee of ~~ICGC~~ / ECGC