

Customer Awareness Regarding Classification of Loan Account as SMA and NPA**1) Concept of Overdue:**

An amount is to be treated as overdue if it is not paid on the due date fixed by the Lender (before the Lender runs the day-end process for that day). Due Date is the date as specified in the repayment schedule on which the amount under the facility is due to be paid to the Lender.

2) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA):

The below Illustration covers the classification as Special Mention Account (“SMA”) and Non-Performing Asset (NPA):

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days

Accordingly, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

Example: If due date of a loan account is March 31, 2021, and full dues are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021.

3) Upgradation of accounts classified as NPAs:

Customer classified as NPAs may be upgraded as ‘standard’ only if entire arrears of interest and principal are paid by the borrower.

In case of borrowers having more than one credit facility, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.

With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commence of commercial operations (DCCO), etc., the instructions as mentioned in applicable RBI directions and law, shall apply.