

Consumer Education Literature: Concepts of Date of Overdue, SMA and NPA Classification and Upgradation

Pursuant to “Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 dated October 19, 2023 (as amended), The RBI has clarified certain aspects of Overdue dates and SMA/NPA classification dates etc., as mentioned below, to ensure uniformity across all lending institutions.

A. Due date/repayment date

It is the date on which the principal / interest / any charges levied on the loan account are payable as mentioned in sanction terms/loan agreement.

B. Overdue date

In line with the RBI directions, an amount shall be treated as overdue if it is not paid on the due date fixed by the lending institutions. It is further clarified that borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date.

C. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA).

An overdue loan account shall be classified as SMA (Special Mention Account) or NPA (Non-Performing Asset) as per RBI regulations as notified vide circular dated November 12, 2021, and February 15, 2022.

D. Classification as Special Mention Account (SMA)

The Company shall recognise incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA). The basis for classification of SMA categories shall be as follows:

Overdue	Classification
1 to 30 days	SMA-0
More than 30 days & up to 60 days	SMA-1
More than 60 days & up to 90 days	SMA-2
More than 90 days	NPA

In the above context, it is further clarified that classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In other words, the date of SMA/NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

E. Classification as Non-Performing Asset (NPA)

The loan account shall be classified as Non-Performing Asset (NPA) when Principal or interest payment or any other amount remains overdue for a period of more than 90 days.

F. Upgradation of Accounts classified as Non-Performing Asset (NPA)

The loan account classified as NPA can be upgraded as “Standard” only if the entire arrears of interest, principal and any other amount due are paid in full and there is NIL arrears upon running day end process of that calendar date.

G. Example:

If the instalment due date of a loan account falls on April 05, 202X, May 05, 202X, June 05, 202X, July 05, 202X and so on, then the SMA/NPA classification for the respective due amount will be done upon running day end processes. The indicative SMA/NPA classification of the amount falling due on April 05, 202X shall be as follows:

Respective Due Date	Payment Status	Days Overdue	Upon Running day end process on	SMA/NPA Classificati
April 05, 202X	Amount due on 05-Apr-202X not paid in full	Up to 30 days	April 05, 202X	SMA-0
	Amount due on 05-Apr-202X still not paid in full and the subsequent due amount also not paid	More than 30 days and up to 60 days	May 05, 202X	SMA-1
	Amount due on 05-Apr-202X still not paid in full and the subsequent due amount also not paid	More than 60 days and up to 90 days	June 04, 202X	SMA-2
	Amount due on 05-Apr-202X still not paid in full and the subsequent due amount also not paid	More than 90 days	July 04, 202X	NPA