

Concepts and illustrative examples related to due dates, classification of borrowal accounts as SMA/NPA in the course of the conduct of the accounts.

Dues: mean principal/interest/ any charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.

Overdues: mean principal/ interest/ any charges levied on the loan account which are payable, but have not been paid within the period stipulated as per the terms of sanction of the credit facility. In other words, any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

Classification of Account as Special Mention Account (SMA)

A loan account showing symptoms of stress as evidenced by a default in payment of dues will be classified as “Special Mention Accounts (SMA)”. Such accounts if not regularized within 90 days gets classified as “Non-Performing Asset (NPA)”.

SMA's are classified under following sub-categories as under:

SMA Sub-categories	Loans other than revolving facilities	Loans in the nature of revolving facilities like cash credit/overdraft
		Basis for classification - Principal or interest payment or any other amount wholly or partly overdue between
SMA-0	1-30 days	NA
SMA-1	31-60 days	31-60 days
SMA-2	61-90 days	61-90 days

Classification of Account as Non-Performing Asset (NPA)

A non-performing asset (NPA) is a loan or an advance where:

- i. interest and/ or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- ii. the account remains 'out of order' as indicated below*, in respect of an Overdraft/Cash Credit (OD/CC),
- iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- iv. the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- v. the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
- vi. regular / ad hoc credit limits have not been reviewed/renewed within 180 days from the due date / date of ad hoc sanction.
- vii. Where Loans / Limits have been sanctioned against the Security of Stock & Book debts, and, in such cases, if the position of such Stock & Book debts is not submitted to the lenders to determine the Drawing Power, the outstanding in the account based on the Drawing Power calculated from Stock & Book Debts Statement older than three months would be deemed as irregular, and, if such irregularity exists for a continuous period of 90 days, the account will be classified as NPA.

***Out of Order' status**

An account should be treated as 'out of order' if

- i. the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- ii. the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but:
 - a) there are no credits continuously for 90 days, or
 - b) credits are not enough to cover the interest debited during the previous 90 days period.

Illustrative Movement of an account to SMA category to NPA category based on delay/non- payment of dues and subsequent upgradation to Standard category:

Due date of payment	Payment Date	Payment covers	Age of oldest dues in days	SMA/NPA Categorisation	SMA since Date/SMA class date	NPA categorisation	NPA Date
01.01.2022	01.01.2022	Entire dues upto 01.01.2022	0	NIL	NA	NA	NA
01.02.2022	01.02.2022	Partly paid dues of 01.02.2022	1	SMA-0	01.02.2022	NA	NA
01.02.2022	02.02.2022	Partly paid dues of 01.02.2022	2	SMA-0	01.02.2022	NA	NA
01.03.2022		Dues of 01.02.2022 not fully paid 01.03.2022 is also dues at EOD 01.03.2022	29	SMA-0	01.02.2022	NA	NA
		Dues of 01.02.2022 fully paid, Due for 01.03.2022 not paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA
		No payment of full dues of 01.02.2022 at EOD 03.03.2022	31	SMA-1	01.02.2022 / 03.03.2022	NA	NA
		Dues of 01.02.2022 fully paid Due for 01.03.2022 not fully paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA

01.04.2022		No payment of dues of 01.02.2022,01.03.2022 and amount due on 01.04.2022	60	SMA-1	01.02.2022 / 03.03.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.04.2022 at EOD 02.04.2022	61	SMA-2	01.02.2022 / 02.04.2022	NA	NA
01.05.2022		No payment of dues of 01.02.2022 till 01.05.22 at EOD 01.05.2022	90	SMA-2	01.02.2022 / 02.04.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 02.05.2022	91	NPA	NA	NPA	02.05.2022
01.06.2022	01.06.2022	Fully paid dues of 01.02.2022 at EOD 01.06.2022	93	NPA	NA	NPA	02.05.2022
01.07.2022	01.07.2022	Paid entire dues of 01.03.2022 and 01.04.2022 at EOD 01.07.2022	62	NPA	NA	NPA	02.05.2022
01.08.2022	01.08.2022	Paid entire dues of 01.05.2022 and 01.06.2022 at EOD 01.08.2022	32	NPA	NA	NPA	02.05.2022
01.09.2022	01.09.2022	Paid entire dues of 01.07.2022 and 01.08.2022 at EOD 01.09.2022	1	NPA	NA	NPA	02.05.2022
01.10.2022	01.10.2022	Paid entire dues of 01.09.2022 and 01.10.2022	0	Standard accounts with no over dues	NA	NA	STD from 01.10.2022

The aforesaid few examples are illustrative and not exhaustive in nature covering common scenarios and that the IRACP norms and clarifications provided by RBI on the subjects referred above will prevail.