

CONSUMER EDUCATION LITERATURE

Concepts of date of Overdue, SMA & NPA Classification and Upgradation:

1) What is overdue date?

As per the RBI directions, an amount (i.e., EMI or demand) 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 if full dues are not received before the Lending Institutions run day-end process for this date (i.e., due date).

2) When an account is classified as Special Mention Account (SMA) or Non-Performing Asset (NPA)?

The RBI directions on “Prudential Framework for Resolution of Stressed Assets” requires the Lender Institutions to recognize incipient stress in borrower accounts, immediately on default, by classifying them as Special Mention Accounts (SMA). In order to remove any ambiguity, it is clarified that the intervals are intended to be continuous and accordingly, the basis for classification of SMA categories shall be as follows.

Overdue by	Classification
1-30 days	SMA 0
31- 60 days	SMA 1
61- 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 a part of day-end process on the relevant due date. 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.

For Example: In the instant case the due date of a loan account is taken as 31st March 2022:

Description	Classified/ Tagged as	Classification date	Remarks
If full dues are not received before the day-end process of 31 st March 2022, this account will be	Overdue/ SMA 0	31/03/2022	Will remain in SMA 0 category if full dues are not paid till 30/04/2022.



If the account continues to remain overdue/SMA 0 for the next 30 days, then this account will be	SMA 1	30/04/2022	Will remain in SMA 1 category if full dues are not paid till 30/05/2022.
If the account continues to remain overdue/SMA 1 for the next 30 days, then this account will be	SMA 2	30/05/2022	Will remain in SMA 2 category if full dues are not paid till 29/06/2022
If the account continues to remain overdue/SMA 2 for the next 30 days, then this account will be	NPA	29/06/2022	

3) When the Account will be upgraded to Standard from SMA/NPA?

When all the overdue amounts are cleared, the account will be elevated to Standard from SMA/NPA. As long as the amount (i.e., EMI or demand) is paid on or before the due date, the account will continue to remain in Standard category. Please note that the term “demand” includes EMI and/or any other amount wholly or partly due/overdue from borrower, say for example, penal interest.