

1. What is OVERDUE?

When a customer does not pay her scheduled EMI on the due date of a particular month, she becomes OVERDUE.

Example:

- Suman didi's EMI due date for the month of March, 2022 is 5th March, 2022.
- Suman didi does not pay her EMI on 5th March, 2022 and instead pays later.
- Suman didi is now an OVERDUE CUSTOMER.

Customers should avoid becoming overdue as the same affects their Credit Bureau Record thus, making it difficult for them to avail future loans from any lending institution.

2. What is DAYS PAST DUE (DPD)?

Each day that a customer is delayed in making the payment of the EMI from the scheduled due date is DAYS PAST DUE.

Example:

- Suman didi's EMI due date for the month of March, 2022 is 5th March, 2022.
- Suman didi does not pay her EMI on 5th March, 2022 and pays on 15th March, 2022.
- Suman didi is now 10 DAYS PAST DUE.

Customers should repay every month on time to continue availing benefits from the lending Companies.

3. What is a SPECIAL MENTION ACCOUNT (SMA)?

When a customer has a part payment due of the Principal amount or interest payment or any other amount that she owes to the lending company, she is classified as a SPECIAL MENTION ACCOUNT.

Example:

- Suman didi's EMI due amount, including interest rate, is Rs 1000/-.
- Suman didi pays Rs. 500/- only.
- Suman didi's loan account is now classified as a SPECIAL MENTION ACCOUNT.

Customers should avoid falling into the category of Special Mention Account to maintain good Credit Bureau Record.

4. What is NON PERFORMING ASSEST (NPA)?

If a customer has not paid the EMI for 90 days, then her account becomes a NON PERFORMING ASSEST (NPA).

Customers should, at all times, maintain a healthy Credit Bureau Record by paying their EMIs on time in order to continue to be eligible for future loans from any lending institutions.

What is Special Mention Account (SMA) and Non-Performing Asset (NPA)?

The RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019 on ‘Prudential Framework for Resolution of Stressed Assets’ requires the lenders to recognise incipient stress in borrower accounts, immediately on default, by classifying them as special mention accounts (SMA). It is clarified that the intervals are intended to be continuous and accordingly, the basis for classification of SMA categories shall be as follows:

| Loans other than revolving facilities | | Loans in the nature of revolving facilities like cash credit/overdraft | |
|---------------------------------------|--|--|---|
| SMA Sub categories | Basis for classification– Principal or interest payment or any other amount wholly or partly overdue | SMA Subcategories | Basis for classification- Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of: |
| SMA 0 | Up to 30 days | NA | NA |
| SMA 1 | More than 30 days and Up to 60 days | SMA 1 | More than 30 days and Up to 60 days |
| SMA 2 | More than 60 days and Up to 90 days | SMA 2 | More than 60 days and Up to 90 days |

Accordingly, the date of SMA/NPA shall reflect the asset classification status of the loan account, at the day end of that calendar date. An illustration of such classification is as follows:

- **SMA 0** - If due date of a loan account is 31st March, 2021, and full dues are not received on this date, the account shall be SMA 0 on day end of 31st March, 2021.
- **SMA 1** - If the account continues to remain overdue, then this account shall get tagged as SMA-1 upon completion of 30 days of being continuously overdue i.e. 30th April, 2021.
- **SMA 2** - If the account continues to remain overdue, it shall get tagged as SMA-2 on 30th May, 2021
- **NPA** – If the account continues to remain overdue further, it shall get classified as NPA on 29th June, 2021

In the above context, 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, irrespective of the time of running such processes.

These instructions shall be effective 31st March, 2022. Accordingly, in respect of any borrower account, which becomes overdue on or after 31st March, 2022, its classification as NPA shall be based on the account being overdue for more than 90 days.