

Concepts / Clarifications / Illustrative examples on Due Dates and specification of SMA / NPA classification dates:

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

Overdues – Overdues means the principal / interest / any charges levied on 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, if any amount due to the bank under any credit facility is not paid on the due date fixed by the bank then that amount is “OVERDUE”.

For determining the number of days overdue position “**FIFO**” method of accounting is relevant which assumes the principle of First In First Out i.e. the oldest outstanding dues in loan account needs to be cleared first.

For example,

Date	Particulars	Debit (Rs.)	Credit (Rs.)	Remarks
01.01.2022	Interest	500.00		Rs.500/- Due
02.01.2022				Rs.500/- Overdue
03.01.2022	Insurance	2000.00		Rs.500/- Overdue + Rs.2000/- Due
04.01.2022				(Rs.500/- + Rs.2000/-) Overdue Number of Overdue days - 3
05.01.2022	Recovery		700.00	As per FIFO method dues of Rs.500/- will be adjusted first and Rs.200/- will be adjusted against insurance due. Hence Number of Overdue days - 2

Special Mention Accounts (SMA) – Accounts having delinquency show the signs of incipient stress hence are called Special Mention Accounts. Lending institutions recognize the incipient stress in loan accounts, immediately on default, by classifying them as SMA. The basis of classification of SMA / NPA category shall be as follows.

SMA Sub-categories	Loans in the nature of Term Loans	Loans in the nature of Cash Credit / Overdraft
	Basis for classification (Principal or Interest payment or any other amount wholly or partly overdue)	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	Upto 30 days	
SMA-1	More than 30 days & Upto 60 days	More than 30 days & Upto 60 days
SMA-2	More than 60 days & Upto 90 days	More than 60 days & Upto 90 days

Non-performing Asset (NPA) – NPA is a loan or an advance where –

1. Term Loan - Interest and / or instalment of principal remains overdue for a period of more than 90 days
2. Overdraft / Cash Credit – Account remains out of order
3. Bill of exchange – Bill remains overdue for a period of more than 90 days in case of bills purchased and discounted.
4. Instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
5. Instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

'Out of Order' Status – CC / OD account shall be treated as 'Out of Order' if –

1. Outstanding Balance remains continuously in excess of the sanctioned limit / drawing power for 90 days, or
2. Outstanding Balance is less than the sanctioned limit / drawing power but there are no credits continuously for 90 days / credits are not enough to cover the interest debited during the previous 90 days period.

For example,

Date	Payment date	Payment covers	Age of oldest dues in days	SMA / NPA Categorization	SMA since date	NPA Categorization	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 due 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	1	SMA-0	01.03.2022	NA	NA

		paid at EOD 01.03.2022					
		No payment of full dues of 01.02.2022 and 01.03.2022 at EOD 03.03.2022	31	SMA-1	01.02.2022 / 03.03.2022	NA	NA
		Dues of 01.02.2022 fully paid, Dues 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 at EOD 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 01.05.2022 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 & 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 & 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 & 01.08.2021 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 & 01.10.2022	0	Standard A/c with No overdues	NA	NA	Standard from 01.10.2022

In above example even if on 1st May there is public holiday, as per RBI guidelines account will be classified as NPA. Thus, even if on 90th day there is a holiday / public holiday and there is no recovery the account will be classified as NPA.

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.