

**With reference to the Cir No: RBI/2021-2022/125 DOR.SRT.REC.68/21.04.048/2021-22 DATED 12.11.2021 Prudential norms in Income recognition, Asset Classification and provisioning(IRACP).**

**Concepts/clarifications/Illustration examples on due dates and specifications of SMA/NPA clarification dates**

If the loan instalment/ Interest is not repaid on or before the due date the loan will become overdue and will be classified as Special Mention Account as follows.

SMA -0	Instalment/ Interest over due from 0 – 30 days
SMA-1	Instalment/ Interest overdue more than 30 days with in the period of 60 days
SMA-2	Instalment/ Interest is overdue more than 60 days and within the period of 90 days

If the Overdue instalment/ Interest is not repaid within 90 days from the due date the loan will be classified as NPA.

**Example:** If we assume the instalment/ Interest due date of a loan is 31-03-2021 and the instalment/ Interest is not repaid before the Day end process of 31-03-2021 it will be become overdue and will be classified as Special Mention Account -0 (SMA-0) on the same day. If it continues to remain overdue beyond 30 days, it will be tagged as SMA-1 on Day end process of 30-04-2021. And if it continues to be overdue more than 60 days it will be tagged as SMA-2 on the Day end Process of 30-05-2021. If the overdue amount is not repaid, within 90 days from the due date then it will become NPA on 29/06/2021.

**Agriculture:**

**PKCC** –the Instalment of principal or interest thereon remains overdue for two crop seasons for **short duration crops**

**Example:** If PKCC granted on 12/08/2018 the expiry date (One Year is taken as season) will be 11/08/2019 and it will be classified as NPA on 11/08/2021(2 crop seasons).

- the instalment of principal or interest thereon remains overdue for one crop season for **long duration crops**

**Example:** If we assume a crop loan granted on 12/08/2018(Two years taken as season) and expiry date is 11/08/2020 and it will become NPA on 11/08/2022.

**Over Draft / Cash Credit**

**Classification of SMA in CC/OD accounts:**

<b>SMA Sub-category</b>	<b>Basis for classification-Outstanding balance remains continuously in excess of the sanctioned limits or drawing power, whichever is lower, for a period of:</b>
SMA -0	NA
SMA-1	More than 30 days with in the period of 60 days
SMA-2	More than 60 days and within the period of 90 days

### **Other Cases:**

**“Out of order”** status of CC/OD accounts on a continuous basis, it is clarified that an account shall 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

**Example:** if the liability under overdraft/cash credit remains continuously in excess of sanctioned amount during the period 01.04.2021 to 29.06.2021 the account will be classified as NPA on 29/06/2021.

ii) The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or

**Example:** if the outstanding Balance in the CC/OD account is less than the sanctioned limit/drawing during the period 01.04.2021 to 29.06.2021 and if there are no credits during the period account will be classified as NPA on 29.06.2021.

iii) The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days’ period

**Example:** if we assume that, an outstanding balance in CC/OD account is less than the sanctioned limit /Drawing power and interest is debited on 31/01/2021 –Rs. 3000/-, 28/08/2021 –Rs3100/ and 31/03/2021-Rs3200 and the credits are not sufficient to cover the Interest debited amount of Rs. 9300/- the accounts will slip to NPA on 01/05/2021.

iv) Non-renewal credit limits: Credit limits which have not been reviewed/ renewed within 180 days from the due date will be treated as NPA.

**Example:** If an overdraft/ Cash Credit account validity is expired on 28/09/2020 and not renewed / reviewed on or before 27/03/2021 the OD/CC account will slip to NPA on 27/03/2021.