

EPIMONEY PRIVATE LIMITED

Customer Awareness - Regarding Classification of Loan Account as SMA and NPA

RBI circular no. RBI/DOR/2025-26/356 DOR.STR.REC.No.275/21.04.048/2025-2 on Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025

Clarification on Overdue: An amount is to be treated as overdue if it is not paid on the due date fixed by the Lender (before the Lender runs the day-end process for that day). **Due Date** is the date specified in the Repayment Schedule on which the instalment is due to be paid.

A. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

The below illustration covers the concepts of date of overdue, classification as Special Mention Account (“SMA”) and Non-Performing Asset (NPA), upgradation of loan account etc.

Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit/overdraft	
SMA Subcategories	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	Upto 30 days	-	-
SMA-1	More than 30 days and upto 60 days	SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days	SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days	NPA	More than 90 days

Accordingly, the date of SMA/ NPA shall reflect the asset classification status of an account at the day-end of that calendar date. An illustration of such classification is given below:

Classification as:	Scenario I	Scenario II
Original due date	31 March 20XX	31 March 20XX
SMA-0	31 March 20XX end of day	-
SMA-1	April 30, 20XX end of day	April 30, 20XX end of day
SMA-2	May 30, 20XX end of day	May 30, 20XX end of day
NPA	June 29 20XX end of day	June 29 20XX end of day

B. Upgradation of accounts classified as NPAs

Customer classified as NPAs may be upgraded as ‘standard’ only if entire arrears of interest and principal are paid by the customer. With regard to upgradation of accounts classified as NPA due to restructuring, nonachievement of date of commencement of commercial operations (DCCO), etc., the instructions as specified for such cases shall continue to be applicable.

For e.g. if a customer is classified as NPA on 4 July 20XX with an overdue of Rs. 50,000/-, the customer will be upgraded to standard only after receipt of the full overdue amount.

Pay your instalments on time which helps you build your Credit Score Higher Credit Score may help you get higher loan value with lower interest rates.
