

Consumer Education Series Ref.001/2021-22

As a part of the company's initiative in providing timely information and awareness to the customers on its loan products and services, we are giving below the criteria for classification of the loan accounts as SMA 0, SMA 1, SMA 2 and NPA:-

Classification of Special Mention Accounts (SMA):

1. SMA 0:

A loan account of the customer where an amount has fallen due for repayment as per the Schedule and is remaining unpaid either wholly or partially up to 30 days, shall be classified as SMA 0 (zero) Account.

Example: A loan account where an amount has fallen due on 31st March 2022 and is remaining unpaid till the commencement of the day-end process of the Company on 30st April 2022, shall come under the classification of SMA 0.

It is important to note that the remittance of the amount due should be done before the commencement of the *day-end process by the Company*. In the illustration given above, if the customer wants to ensure that his loan account does not slip into SMA 1 category, then he/she has to ensure that the payment of his due is fully remitted to the Company before the commencement of the day-end process on 30th April 2022. If the amount has not been remitted in full on 30th April 2022 (before the day-end process), the account will slip into SMA 1 category.

2. SMA 1:

A loan account of the customer where an amount has fallen due for repayment as per the Schedule and is remaining unpaid either wholly or partially by more than 30 days and up to 60 days, shall be classified as SMA 1 Account.

Example: A loan account where an amount has fallen due on 31st March 2022 and is remaining unpaid either wholly / partially till the day-end process on 30th May 2022 (i.e. more than 30 days up to 60 days) shall be classified as SMA 1 Account. If the amount is not remitted before the day-end process of 30.5.2022, then the account will slip into SMA 2 category.

3. SMA 2:

A loan account of the customer where an amount has fallen due for repayment as per the Schedule and is remaining unpaid either wholly or partially by more than 60 days and up to 90 days, shall be classified as SMA 2 Account.

Example: A loan account where an amount has fallen due on 31st March 2022 and is remaining unpaid either wholly / partially the day-end process on 29th June 2022 (more than 60 days up to 90 days) shall be classified as SMA 2 Account. **If the amount is not remitted before the day-end process on the 90th day i.e. 29.6.2022, the loan account shall get classified as NPA.**

The above said classifications of SMA 0, SMA 1, SMA 2 and NPA shall be applicable to all loans including retail loans, irrespective of the size of the loan exposure.

Upgradation of loan accounts classified as NPAs

Loan accounts classified as NPA shall be upgraded as 'Standard' asset if the entire arrears of interest, principal and any other amount due are paid in full by the borrower and there is NIL arrears upon running day end process.

"Standard" only if the entire arrears of interest, principal and any other amount due are paid in full and there is NIL arrears upon running day end process on the respective SMA/NPA classification date which is that months instalment due date.

Customers are requested to go through the above guidelines carefully and in case of any doubt or query, they are requested to contact the Branch Manager for further clarifications.
