

CUSTOMER EDUCATION ON SMA AND NPA NORMS

As per RBI guidelines, Bank is required to classify the loan account under Special Mention Account category. SMA is an account which is exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of her debt obligations, though the account has not yet been classified as NPA. As early recognition of such accounts enables banks to initiate timely remedial actions to prevent their potential slippages into NPAs. The classification of SMA category is based on irregularities noticed in the operations of the account of the borrower. The SMA category applicable to advances accounts are detailed as below:

In case of revolving Credit facilities like Cash Credit:

A Sub Categories	Basis for classification
	Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

For credit facilities other than revolving credit facilities:

A Sub Categories	Basis for classification
	Principal or interest payment or any other amount wholly or partially overdue for
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

The above mentioned classification of borrower accounts into SMA categories are applicable for all loans, including retail loans other than agricultural advances governed by crop based asset classification norms, irrespective of size of exposure.

The SMA Classification and NPA marking is based on the criteria mentioned in Reserve Bank of India's Master Circular on Income Recognition, Asset Classification, Provisioning and other related matters –UCBs.

The credit facilities are classified as Non-Performing Assets on the basis of following criteria:

a) In respect of a Term Loan or an advance where Interest and or instalment of principal remain overdue for a period of more than 90 days.

b) In respect of an Overdraft/ Cash Credit (OD/CC) and all other loan products being offered as an overdraft facility, including those not meant for business purposes and / or which entail interest repayments as the only credits , the account remains '**out of Order**'

(An Account should 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 **ii)** the outstanding balance in the CC/OD account is less than the sanctioned limit / drawing power but there are no credit continuously for 90 days or **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 (including interest applied on 90th day).

c) The bills discounted remains overdue for a period of more than 90 days

d) Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts i.e. Savings/Current Account remains in Debit Balance.

The above criteria are depicted in the Examples given Below:

Term Loan:

Due date of payment	Payment Date	Payment covers	Age of oldest dues in days	SMA / NPA Categorisation	SMA since Date /SMA class date	NPA Categorization	NPA Date
01.01.2023	01.01.2023	Entire demand till date	No dues	NA	NA	NA	NA
01.02.2023	Not paid	NA	1	SMA-0	01.02.2023	NA	NA
01.03.2023	Not paid	NA	29	SMA-0	01.02.2023	NA	NA
01.04.2023	Not paid	NA	60	SMA-1	01.02.2023	NA	NA
30.04.2023 (DATE other than due date of payment)	Not paid	NA	90	SMA-2	01.02.2023	NA	NA
01.05.2023	Not paid	NA	91 st day			Sub Standard	01.05.2023
	15.05.2023	Paid partially covering payment upto 01.03.2023			01.04.2023	Sub Standard	01.05.2023
	25.05.2023	Fully paid the dues	Standard A/c	NA	NA	NA	NA

Cash Credit /Overdraft out of order due to continuous in Excess (Rs. In lacs)

Date	Limit	DP	Balance (Debit)	Remarks	SMA	Excess Start date/SMA date	NPA	NPA date
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01.01.2023	10.00	10.00	9.00	Within Limit	NA	NA	NA	NA
01.02.2023	10.00	10.00	11.00	Excess /above limit	NA	28.01.2023	NA	NA
01.03.2023	10.00	10.00	11.50	Excess /above limit	SMA-1	28.01.2023 (Age 33 days)	NA	NA
01.04.2023	10.00	10.00	11.90	Excess /above limit	SMA-2	28.01.2023 (Age 64 days)	NA	NA
26.04.2024	10.00	10.00	11.90	Excess /above limit	SMA-2	28.01.2023 (Age 90 days)	Sub standard	26.04.2024

Cash Credit /Overdraft out of order due to no credits / credits not sufficient (Rs. In lacs)

Transaction Date	Limit	Int debited	Credits Recd	Bal (Debit)	SMA	SMA Date	NPA	NPA date
01.01.2023	10.00	0.00	0.00	3.00	NA	NA	NA	NA
31.01.2023	10.00	0.10	0.00	3.10	NA	NA	NA	NA
10.02.2023	10.00	0.00	0.05	3.05				
28.02.2023	10.00	0.09	0.00	3.14	NA	NA	NA	NA
31.03.2023	10.00	0.11	0.00	3.25		90 days look back counted from 01.01.2023	Substandard	31.03.2024

90 days look back period is counted on each day.

Bills Discounted but not realised

Transaction Date	Bill date	Bill due date	Amt paid on	SMA	SMA date	NPA	NPA date
05.01.2023	01.01.2023	31.03.2023	Nil	NA	31.01.2023	NA	NA
30.04.2023	Continued	Continued	nil	SMA-1 (Age 31 days)	31.01.2023	NA	NA
31.05.2023	Continued	Continued	Nil	SMA-2 (62 days)	31.01.2023	NA	NA
29.06.2023	Continued	Continued	Nil			Sub std	29.06.23