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

RBI circular no. RBI/DOR/2025-26/345 DOR.CAP.REC.264/21-01-002/2025-26 on 'Prudential norms on Income Recognition, Asset Classification and Provisioning, pertaining to Advances - Clarifications' dated November 28, 2025.

A. 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 as specified in the Repayment Schedule on which the instalment is due to be paid.

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

The below lllustration 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 Sub-categories	Basis for classifi cation - Principal or interest payment or any other amount wholly or partly overdue	SMA 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-O	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 50 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	5 April 2025	2 April 2O25
SMA 0	5 April 2025 end of day	2 April 2025 end of day
SMA 1	5 May 2025 end of day	2 May 2025 end of day
SMA 2	4 June 2025 end of day	1 June 2O25 end of day
NPA	4 July 2025 end of day	1 July 2O25 end of day

C. 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, non-achievement 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 2025 with an overdue of Rs. 50,000/-, the customer will be upgraded to standard only after receipt of 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.