

## CUSTOMER EDUCATION LITERATURE

In accordance with the Reserve Bank of India (RBI) circular no. RBI/2021-2022/125 dated 12 November, 2021 on IRACP (Income Recognition, Asset Classification and Provisioning pertaining to Advances) norms on consumer education, all lending institutions are required to place Consumer Education Literature on their websites as well as notice board for increasing awareness among consumers w.r.t concepts of overdue, Special mention accounts (SMA) and Non-Performing Assets (NPA) classification and upgradation.

Accordingly, the same has been detailed out for your kind reference.

**DUES:** It indicates the principal / interest / or any other charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.

**OVERDUE:** It indicates the principal/ interest/ any other charges levied on the loan account which are payable but have not been paid within the period stipulated as per the terms of sanction of the credit facility. In other words, any amount due to the lending institution under any credit facility is 'overdue' if it is not paid on the due date fixed by the lending institution.

**SPECIAL MENTION ACCOUNT (SMA):** Special Mention Accounts are those accounts which show symptoms of bad asset quality in the first 90 days itself or before it is classified as NPA. On identification of incipient stress in the loan accounts immediately on default, the lending institution classifies such assets as special mention accounts (SMA).

**BASIS FOR CLASSIFICATION OF LOANS :** The basis for classification of loan accounts as SMA & NPA are mentioned below :

<b>SMA Sub-categories</b>	<b>Basis for classification – Principal or interest payment or any other amount wholly or partly overdue</b>
SMA-0	Upto 30 days
SMA-1	More than 30 days and upto 60 days
SMA-2	More than 60 days and upto 90 days
NPA	More than 90 days

**EXAMPLE:** If due date of a loan account is March 31, 2023, and full dues are not received before the lending institution runs the day-end process for this date, the date of overdue shall be March 31, 2023. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2023 i.e., upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2023.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2023 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2023.

**UPGRADATION OF ACCOUNTS CLASSIFIED AS NPA:** It is clarified that loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest, principal or any other dues are paid by the borrower/ Guarantor.

For any clarification, Borrowers may contact their relationship manager/ branches / customer care about the overdue/irregularity details and related implications.