

Clarification on changes in SMA & NPA Classification Norms

In view of the RBI circular dated 12 Nov 2021, on "Prudential norms on Income Recognition, Asset Classification and Provisioning" there have been changes in the norms relating to classification of accounts as SMA / NPA. To ensure that customers are aware of the due dates of the PMII/EMI /repayment as well as classification of the loan account in the event of non payment of dues, some of the most important terms and conditions of the loan are being elaborated as under:

Payment	Due Date of Payment
PMII (Pre-Monthly Instalment Interest) Payment Start Date	* 11 th day of the same or next month depending on the date of disbursement
MI (Monthly Instalment) Payment Start Date	* 11 th day of the same or next month depending on the date of disbursement

* Borrower is required to pay subsequent PMII / MIs by the 11th of each month.

Classification of Account

- Borrower shall pay the PMII / MI on or prior to the Due date as mentioned above.
- Non payment or delay in payment of PMII / MI by the Due date, shall render the Borrower liable to pay delayed payment charges as mentioned in the Most Important Terms & Conditions (MITC) forming part of the loan agreement.
- If the PMII / MI are not being paid by the borrower on the due dates the borrower's loan account shall be downgraded as under:

SMA / NPA Category	Basis for Classification (Principal or Interest or any other amount wholly or partly overdue)
SMA 0	Up to 30 days
SMA 1	>30 days & up to 60 days
SMA 2	>60 days & up to 90 days
NPA	>90 days

- Once the loan is classified as an NPA, it shall remain so until and unless the entire overdue amount has been paid by the customer i.e. there should be zero overdue outstanding in the account. The reporting to Credit Bureaus and Regulatory Authorities would be in accordance.
- The term "repayment" means the repayment of the principal amount of the loan, interest thereon, and / or any other charges, fees or other dues payable in terms of the loan agreement to HDFC Credila.

Example:

Particulars	Post RBI Circular Dated 12 Nov 2021
Date of Disbursement	01 Dec 2021
Interest Application	Monthly
Instalment Demand	11 th of each month (PMII / MI due date) – 11 Dec 2021
When the payment should be made by the customer	On 11 Dec 2021
Consequences if not paid before day end activity:	
Account will be SMA 0 on	11 Dec 2021
Account will be SMA 1 on	10 Jan 2022
Account will be SMA 2 on	09 Feb 2022
Date of NPA	11 Mar 2022
How to get the account upgraded post classification as NPA on 11 Mar 2022:	Repay all Instalments / interest / charges (if any) overdue from December 2021 to March 2022