

NPA Classification Norms : Consumer Education

Micro Units Development and Refinance Agency Ltd (MUDRA) classifies and notifies facility as overdue, SMA/NPA in compliance with RBI's master circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances as amended from time to time and /or as required/ directed by RBI. Wherever applicable, upgradation of such accounts is also guided by the aforementioned master circular.

For the purpose of such classification and upgradation etc. in accordance with regulatory requirement, MUDRA defines overdue, SMA and NPA as below :

- **Dues:**

The principal / interest/ any charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.

- **Overdue:**

Account will be flagged as an **overdue account** if the principal / interest/ any 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 MUDRA under any credit facility is 'overdue' if it is not paid on or before the due date fixed by the MUDRA.

Example for date of overdue:

If **due date** of a loan account is **March 31, 20XX**, and full dues are not received on or before **the same date**, the **date of overdue** shall be **March 31, 20XX**. The Account shall also turn in default till the clearance of entire overdue.

- **Special Mention Account (SMA) and Non-Performing Asset (NPA) classification:**

The irregular/overdue accounts are classified as SMA (reporting at borrower level) as follows:

Loans other than revolving facilities	
SMA Sub-Categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
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

Example:

If the due date for a loan account is March 31, 20XX and the entire dues are not paid by the borrower, the account would be reported as:

SMA-0: During **March 31, 20XX to April 29, 20XX**

SMA-1: During **April 30, 20XX to May 29, 20XX**

SMA-2: During **May 30, 20XX to June 28, 20XX**

NPA Classification:

Aforementioned account, if remains overdue as on **June 29, 20XX**, will be classified as **NPA**.

- **Upgradation of accounts classified as NPAs**

Once account is classified as NPA, it shall **only be upgraded** as standard asset upon payment of **entire arrears of interest and principal by the borrower** at the time of running the day-end activity of that particular date.

Existing instructions as specified for accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc shall continue to be applicable.

- **Case study:**

1. All Dues Paid

Due Date	Due ₹	Recovery ₹	DPD*	Status	Remarks
March 31, 20XX	1,000	1,000	0	Regular	No Overdue

**DPD : days past due*

2. No dues paid

Date	Due ₹	Recovery ₹	DPD*	Status	Remarks
March 31, 20XX	1,000	-	1	SMA 0	Overdue
April 30, 20XX	1,000	-	31	SMA 1	Overdue
May 30, 20XX	-	-	61	SMA 2	Overdue
May 31, 20XX	1,000	-	62	SMA 2	Overdue
June 29, 20XX	-	-	91	NPA	NPA

3. Partial dues paid (during SMA)

Date	Due ₹	Recovery ₹	DPD*	Status	Remarks
March 31, 20XX	1,000	-	1	SMA 0	Overdue
April 30, 20XX	1,000	800	31	SMA 1	Overdue
May 25, 20XX	-	500	26	SMA 0	Overdue
May 31, 20XX	1,000	-	32	SMA 1	Overdue
June 28, 20XX	-	1,000	29	SMA 0	Overdue
June 30, 20XX	1,000	-	31	SMA 1	Overdue

Note: 1. The SMA status may be upgraded on payment of dues by the borrower.

2. The appropriation of recovery would be done for the oldest overdue as per first-in-first-out (FIFO) basis.

4. Partial dues paid (After NPA)

Date	Due ₹	Recovery ₹	DPD*	Status	Remarks
March 31, 20XX	1,000	-	1	SMA 0	Overdue
April 30, 20XX	1,000	-	31	SMA 1	Overdue
May 30, 20XX	-	-	61	SMA 2	Overdue
May 31, 20XX	1,000	-	62	SMA 2	Overdue
June 29, 20XX	-	-	91	NPA	NPA
June 30, 20XX	-	2,500	31	NPA	All dues not cleared

Note 1. The account classified as NPA is upgraded only when the borrower pays off the entire arrears of penal interest, interest and principal for all loan facilities availed from the MUDRA.
