

### **Prudential Norms for Advances- classification of overdue accounts**

The Reserve Bank of India has issued guidelines in connection with the Due date for repayment of interest and principal, Classification of the accounts and Classification of NPA as under :-

- 1) Due date for Repayment of loan , repayment period , installment towards principal and interest will be as per details indicated in Loan Agreement executed between Bank and borrower.
- 2) If on due date repayment is not received will be considered as overdue
- 3) Overdue accounts will be classified as:-
  - i) SMA 0-If Overdue continues upto 30 days
  - ii) SMA 1-If Overdue continues from 31 days upto 60 days
  - iii) SMA 2-If Overdue continues from 61 days upto 90 days
- 4) On 90 th day, if overdue continues, it will be treated as NPA
- 5) NPA accounts can only be classified as standard on payment of entire overdues towards principal and interest and other charges, if any.

NPA affects the CIBIL Score for the individual borrower. It is advisable, to repay the installment on due date and keep the loan account standard to avail the benefit from Bank.