



**Indian Overseas Bank**  
**Credit Monitoring Department**  
**Central Office**

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**Information to Customers – Concept of Overdues / SMA / NPA**

As advised by RBI, NPA Automation has been duly implemented by the Bank. As per RBI's guidelines on Framework for Revitalizing Distressed Assets in the Economy, Banks are required to classify the account as Special Mention Accounts (SMA) in three categories as detailed below:

<b>SMA sub-categories</b>	<b>Basis for classification</b>
SMA-0	Principal or interest payment not overdue for more than 30 days but account showing signs of incipient stress.
SMA-1	Principal or interest payment overdue between 31-60 days.
SMA-2	Principal or interest payment overdue between 61-90 days.

For instance, Due date of Term Loan account is 31.03.2023 and full dues are not received before the Bank runs the day-end process for this date, the date of overdue shall be 31.03.2023. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on 30.04.2023 i.e. upon completion of 30 days being continuously overdue. Accordingly, the date of SMA-1 classification of SMA-1 for that account shall be 30.04.2023.

Similarly, if the account continues to remain overdue, it shall be tagged as SMA-2 upon running day-end process on 30.05.2023 and if continues to remain overdue further, it shall be classified as NPA upon running day-end process on 29.06.2023.



In the case of revolving credit facilities like cash credit/overdraft, SMA sub-categories will be as follows:

<b>SMA Sub-categories</b>	<b>Basis for classification- Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:</b>
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

For CC/OD the account shall be treated as "out of order" if,

- (i) The outstanding balance in CC/OD account remains continuously in excess of sanction limit/drawing power for 90 days, or
- (ii) The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

Any account that has slipped to NPA shall stand upgraded upon running day-end process on the day on which the full overdues in the account is remitted by the customer. Since, the classification of NPA is not facility-wise but Borrower-wise as per RBI norms, the accounts of a customer under all the facilities have to be regular in order that the account stands upgraded during any day end process. Therefore, the customer has to maintain NIL overdues in all the loans availed by him, for his account to be upgraded by the system during the day end process.

Customers are requested to be guided suitably by the above information.



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