

FAQs on RBI guidelines on classification of CC/OD Accounts as Non-Performing Assets (NPA):

1. What are the conditions stipulated by RBI, basis which the overdraft facility will be classified as NPA (Non performing Asset)?

As per RBI's directive dated 12 Nov 2021 vide circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 & subsequent clarification titled 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' vide circular RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 dated 15 Feb 2022, a CC/ OD shall be classified as NPA, if it meets any of the criterion below:

- the outstanding balance in the CC/OD Account remains continuously in excess of the sanctioned limit/drawing power for 90 calendar days, or
- the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 calendar 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 day calendar period.

2. How is my overdraft account impacted if in the 90 days calendar period the credit is not equivalent to interest debited.

If credit is less than the interest debited in last 90 days calendar period, the overdraft account will be classified as NPA along with all linked credit products that the customer holds with the said account.

3. What is the implication of the account being classified as NPA?

With immediate effect, if your Account is classified as NPA due to any of the above condition (s), all permissible withdrawals will be suspended / frozen and your Account will be reported as a "Non-Performing Asset – NPA" to the Credit Bureaus to comply with the RBI ordinance.

4. What happens to the other credit facilities granted by the Bank?

As per the RBI circular, RBI/2021-2022/104 DOR.No.STR.REC.55/21.04.048/2021-22, the NPA classification has to be done at the borrower level and not facility wise. Therefore, if your CC/OD account is classified as NPA, any other facility granted by the Bank will also be classified as NPA and reported accordingly to the Credit Bureaus.

5. How will an NPA account and linked credit facilities get upgraded?

In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire overdue amount of interest and principal pertaining to all the credit facilities.



6. Will the 90 days credit shortfall be calculated at the end of every calendar month?

No, last 90 days will be calculated on a daily basis and any day where in the last 90 days credit is less than debit, the account will become NPA.

