

**Upgradation of loan accounts classified
as Non Performing Assets (NPAs)**

February 10, 2003

DBOD. No. BP. BC. 69 / 21.04.048/ 2002-2003

All Commercial Banks
(excluding RRBs & LABs)

Dear Sir,

**Upgradation of loan accounts classified
as Non Performing Assets (NPAs)**

As banks are aware, if arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as non performing and classified as 'standard' account.

2. However, it has been brought to our notice that some banks do not comply with this requirement and consider reclassification only after one year of satisfactory performance of the account.

3. It is reiterated that, banks should strictly adhere to our instructions on asset classification to avoid inconvenience to borrowers. However, our extant instructions in respect of re-classification of loan accounts subjected to restructuring would remain unchanged.

4. Please acknowledge receipt.

Yours faithfully,

(**C.R. Muralidharan**)
Chief General Manager