भारतीय रिज़र्व बैंक

_____RESERVE BANK OF INDIA _____

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The Chairman and Managing Director/
Chief Executive Officer of
All Scheduled Commercial Banks

Dear Sir,

**Prudential Norms on Income Recognition, Asset Classification and
Provisioning pertaining to Advances – Credit Card Accounts**

Please refer to paragraph 2.1 of the Master Circular dated July 01, 2013 on
Prudential Norms on Income Recognition, Asset Classification and Provisioning
pertaining to Advances, wherein definitions of non-performing assets (NPAs) have
been indicated.

2. In credit card accounts, the amount spent is billed to the card users through a
monthly statement with a definite due date for repayment. Banks give an option to
the card users to pay either the full amount or a fraction of it, i.e., minimum amount
due, on the due date and roll-over the balance amount to the subsequent months'
billing cycle.

3. It has come to our notice that there are divergent practices being followed by
banks with regard to asset classification status of credit card accounts if minimum
amount due is not paid on the specified due date. While some banks reckon the due
date specified in the statement for payment of minimum amount due to determine
the over-due status, some banks reckon the subsequent billing date to determine the
over-due status of the minimum amount due. In order to bring in consistency and
induce transparency, it is advised that a credit card account will be treated as non-
performing asset if the minimum amount due, as mentioned in the statement, is not
paid fully within 90 days from the next statement date. The gap between two
statements should not be more than a month.

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

4. Banks should follow this uniform method of determining over-due status for credit card accounts while reporting to credit information companies and for the purpose of levying of penal charges, viz. late payment charges, etc., if any.

Yours faithfully,

(Chandan Sinha)
Principal Chief General Manager