



CIBIL Credit Digest

Volume 9

While applying for a loan, the form filling, documentation and awaiting decisions can be quite tedious. Besides, the world of finance and banking also adds to the confusion by using acronyms which are difficult for the lay man to understand. Today, we will decode the term Days Past Due, commonly referred to as DPD in banking parlance. DPD is critical to your loan, because if this attribute of your Credit Information Report (CIR) is perceived negatively by a lender, your loan application may get rejected.

What does DPD mean? What are the 2 ways in which DPD can be reported?

DPD or Days Past Due appears in the Account(s) section of your CIR. Here, it resides with one other piece of information - the month and year of payment. The DPD indicates how many days a payment on that account is late that month. Anything other than "000" is considered negative by a lender. Up to 36 months of this payment history (with the most recent month displayed first) are provided in this section. For example, if you have taken a loan whose payments started in Aug 2010 and are 3 months late on a payment due at the end of Sept 2010, your DPD may be reflected as follows:

| | | | | | |
|------------|-------|-------|-------|-------|-------|
| DPD | 090 | 060 | 030 | 000 | 000 |
| Month/Year | 12-10 | 11-10 | 10-10 | 09-10 | 08-10 |

Given that your credit history helps a lender ascertain your ability to pay additional debt based on your past performance, having DPD other than "000" on your CIR would imply that you have not met your financial obligations in the past. Hence, lenders may view accounts that are reported with DPD as anything other than "000" negatively and this may affect your chances of a loan approval.

It is important to note that some lenders report DPD as per the Asset Classification norms defined by RBI, which are as follows:

| DPD | Denotes | Explanation |
|-----|--------------|---|
| STD | Standard | Payments are being made within 90 days. Any account overdue by more than 90 days is classified as Non-Performing Asset (NPA) by lenders |
| SUB | Sub-Standard | An account which has remained an NPA for up to 12 months |
| DBT | Doubtful | The account has remained a Sub-Standard account for a period of 12 months |
| LSS | Loss | An account where loss has been identified and remains uncollectible |

Any classification other than "STD" is viewed negatively by lenders during the loan application process.

On occasion, you may see "XXX" reported for your DPD on a certain account. This means that the lender has not reported that month's DPD to CIBIL and hence, there's no need to worry.

The best way to avoid having anything other than DPD of "000" or "STD" on your CIR is, to always pay on time and the best way to always pay on time is, to avoid more debts than you can comfortably handle with your current income.