

RISK THRESHOLDS & EARLY WARNING SIGNALS

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1. DAYS PAST DUE (DPD) BASED RISK

- DPD 0–30 days:

Status: Normal

Action: No action required

- DPD 31–60 days:

Status: Early Stress

Action:

- Trigger early warning alert
- Increase monitoring frequency
- Notify risk analytics team

- DPD 61–90 days:

Status: Medium Risk

Action:

- Restrict further credit exposure
- Initiate customer outreach
- Review repayment behavior

- DPD > 90 days:

Status: High Risk / NPA

Action:

- Classify account as Non-Performing Asset (NPA)
- Initiate recovery and collections process
- Report to portfolio risk committee

2. CREDIT SCORE THRESHOLDS

- Credit Score ≥ 750 :

Risk Level: Low

Action: Eligible for fast-track approval (subject to policy)

- Credit Score 700–749:

Risk Level: Medium

Action: Standard underwriting review required

- Credit Score < 700 :

Risk Level: High

Action:

- Manual review required
- Higher rejection probability

3. EMPLOYMENT & INCOME STABILITY

- Salaried with stable income (≥ 12 months):

Risk Level: Low

- Self-employed with business vintage ≥ 2 years:

Risk Level: Medium

- Self-employed with business vintage < 2 years:

Risk Level: High

4. PORTFOLIO LEVEL EARLY WARNING SIGNALS

- Sudden increase in average DPD by $> 20\%$ month-on-month
- Default rate increase $> 1\%$ within a quarter
- Approval-to-disbursement ratio drop $> 15\%$
- Concentration risk in a single city or segment $> 30\%$

5. POLICY ACTION TRIGGERS

- Any segment breaching medium risk thresholds must be reviewed
- High-risk segments require immediate policy tightening
- Repeated threshold breaches must be escalated to senior risk management

Note:

All thresholds are indicative and subject to change based on regulatory guidelines and internal risk committee decisions.