MANAGEMENT OF NON-PERFORMING ASSETS IN INDIAN COMMERCIAL BANKS

(A Study of SBI and HDFC in Visakhapatnam District)

1. **VENU VANKA, Research scholar**

Department of Commerce and Management Studies, Andhra University, Visakhapatnam, Andhra Pradesh-India,

2. **Prof.P.VENKATESWARLU, Professor**

Department of Commerce and Management Studies, Andhra University, Visakhapatnam, Andhra Pradesh-India.

Abstract

This paper examines the dynamics of Non-Performing Assets (NPAs) in the Indian banking sector, with a focus on State Bank of India (SBI) and HDFC Bank, utilizing a comprehensive analysis of patterns and practices. The study's goal is to better understand NPA management and how it affects the financial health of banks. The report examines NPA trends, management strategies, and borrower views, providing significant insights into the problems and opportunities in NPA management. A survey was done among authorities and debtors in Visakhapatnam District, Andhra Pradesh. The study collects data to evaluate hypotheses on outsourcing agencies, technology support, due diligence, loan security, and the identification of special mention accounts in relation to NPA management. The findings add to a comprehensive understanding of NPA management strategies and make recommendations for improving the efficiency of NPA management in the Indian banking sector.

Key words: Non-Performing assets, classification of assets, financial years, public sector and private sector banks.

Introduction

The banking industry is essential to a country's development. Financial infrastructure is a crucial component in banking system. The measure of a bank's health is its performing assets. The continuously expanding size of non-performing assets (NPAs) in Indian banking is a significant obstacle that affects bank profits and makes it impossible for banks to fulfill the capital adequacy ratio. Sadly, NPAs have been a major issue for the Indian banking industry up until recently. The non-recovery of loan installments and interest on the loan portfolio caused by non-performing assets (NPAs) negatively impacts banks' lending activities and undermines the efficiency of the credit dispensation process. The profitability of banks is also threatened by non-recovery of loans. Consequently, bankers have been closely monitoring issues related to NPA’s.

MEANING OF NON PERFORMING ASSETS:

An essential topic in banking and finance is non-performing assets, or NPA. A loan or advance that is no longer profitable for the lender usually a bank is referred to as an NPA. A borrower's debt becomes a non-performing asset if they are unable to make interest or principal payments on time. An asset is classified as non-performing based on predetermined standards established by regulatory agencies. These standards differ from nation to nation, but they often take the length of the default and the interest payment status into account. Banks depend on its classification to evaluate the total risk exposure and the condition of their loan portfolio. It assesses the caliber of the bank's assets as well as the efficiency of its credit risk management. Banks can identify non-performing assets and take the necessary action to reduce risks and start the recovery process. The bank begins action to recoup the loan amount as soon as an asset is labeled as non-performing. These actions may consist of following up with the borrower to request repayment, sending reminders, and, if required, starting legal action.

CLASSIFICATION OF NON-PERFORMING ASSETS

Typical Non-Performing Asset classes include the following:

1. **Substandard Assets:** Assets classified as substandard if the borrower has not made interest or principal payments for a minimum of a year. Because of the increased default risk associated with these assets, the lender must take extra care to assure recovery.
2. **Doubtful Assets:** These are assets that, for a considerable amount of time usually longer than a year have remained below par. Doubtful assets have little likelihood of being recovered; therefore a larger provision is needed to offset any losses. In an attempt to recover part of the value from these assets, banks may file lawsuitsor start recovery procedures.
3. **Loss Assets:** Assets for which the bank or other financial organization has determined that the entire value is not recoupable are considered losses. These assets have been written off the bank's balance sheet as irretrievable. Usually, write-offs occur after all possible avenues for recovery have been explored.
4. **Restructured Assets:** Restructured assets are loans that have undergone modifications or restructuring to provide the borrower with some payment relief. Changes in interest rates, tenure, or principal amounts may be part of this organization. Although the restructuring is intended to assist the borrower inrepaying the debt, failure to comply with the revised terms of repayment may result in either temporary or permanent non-performing assets.
5. **Secured and Unsecured Non-Performing Assets:** The presence or absence of collateral determines how Non-Performing Assets are categorized. Both secured and unsecured NPAs fall under this category. Collateral, or assets or property, thatmay be liquidated to recoup the outstanding loan balance, supports secured nonperforming assets (NPAs). Conversely, the lack of collateral for unsecured non-performing assets makes recovery more difficult.

CAUSES OF NON-PERFORMING ASSETS:

Loans or advances classified as non-performing assets (NPAs) no longer bring in money for the lender since the borrower has defaulted on the loan or failed to pay the interest. A financial system's NPA rate might rise for a number of reasons. Here are a few of the crucial elements:

1. **Economic Downturn**
2. **Inadequate Credit Assessment**
3. **Weak Loan Monitoring and Follow-Up**
4. **Overdue or Non-payment of Interest and Principal**
5. **Industry-specific Factors**
6. **Willful Default and Fraud**

STRATEGIES FOR NON-PERFORMING ASSET MANAGEMENT

Here are a few common approaches to NPA management:

Early Detection and Classification: For efficient management, NPAs must be identified and categorized as soon as possible. Financial institutions need to put in place thorough risk assessment models and monitoring systems in order to quickly detect assets exhibiting distress. This makes it possible to take prompt action, such as allocating resources for recovery operations and supplying them appropriately.

Proactive Risk Mitigation: To effectively manage non-performing loans worldwide, a proactive strategy to risk mitigation is necessary. Preventive steps like tightening up credit appraisal procedures, carrying out extensive due diligence, and putting in place strong risk management frameworks should be given top priority by financial institutions. Through risk assessment and proactivemeasures, institutions can mitigate the likelihood of non-performing assets.

Restructuring and Rehabilitation: To address feasible non-performing assets (NPAs), restructuring and rehabilitation techniques can be implemented globally. Financial institutions must to communicate closely with borrowers to look into options such as modifying the conditions of the loan, extending the repayment period, or adjusting the interest rate. These actions are intended to strengthen borrowers' ability to repay loans and raise the likelihood that a loan recovery will be successful.

Review OF Literature

Drs. Parmod Kumar Sharma and Babli Dhiman (2022) clarified that while non-performing assets cannot be entirely eliminated from a bank's advances portfolio, it is crucial to manage this crucial aspect of the banking industry's financial performance.

In their study, **Hawaldar, I.T., Spulkar, C., Lokesh, A., and Birua, R.(2020)** examined non-performing assets in loans related to agricultural. According to the results of an Indian case study, there are no appreciable differences between the pre- and post-approval processes for agricultural loans and the way banks handle non-performing assets.

According to research by Sharma **S.Rathore D.S., and Prasad, J. (2019)**, misuse of bank loans and subpar recovery management are the main causes of non-performing assets (NPAs) in both public and private sector banks. NPAs in the agricultural and industrial sectors are rising. They recommended enhancing company governance to enhance credit and operational decisions.

An investigation on non-performing assets (NPAs) in Indian commercial banks was carried out by **Diksha Sahni and Dinesh Chandra Seth (2017)** According to their assessment, public sector banks have outperformed private sector banks in terms of financial operations. Comparatively speaking, the Public Sector Banks have performed well as well.

But these days, the major issue facing public sector banks is the rise of non-performing assets. The Public Sector Banks' non-performing assets have been steadily rising year. Conversely, with a few exceptions, private sector banks' non-performing assets have been declining steadily over the past few years. A decrease in non-performing assets (NPAs) typically indicates that banks have improved their credit assessment procedures over time, whereas an increase in NPAs indicates the need for provisions, which lowers banks' total profitability. Non-performing assets (NPAs) are a major issue for the Indian banking industry. Comparatively speaking, public sector banks have larger NPA amounts than private sector banks. NPAs must be decreased and managed if banks are to become more profitable and efficient.

According **to S. Poornmia and M. Theivanayaki (2015)[10]**, non-performing assets (NPAs) are now the largest problem facing the Indian banking industry. For Indian banks to operate efficiently, nonperforming assets have been a hindrance. Their continuous improvement in absolute terms made it extremely difficult for Indian banks to survive. The overall non-performing assets (NPAs) of public sector banks in India as of March 2015 were Rs. 196072 crore, compared to the standard asset value of Rs. 5838443 crore, or 3.3 percent of total NPAs.

This study looks at the different NPA portfolios held by Indian public sector banks from 2010–11 to 2014–15, paying particular attention to standard assets, substandard assets, dubious assets, and loss assets. The CMIE database and the yearly reports of the various banks are where the data were gathered. Over the course of the study period, it is noted that the NPA level has consistently increased. Additionally, banks need to focus on nonperforming assets and make sure that they only lend money to credit-worthy clients.

According to **Mohammed Arif Pasha and T. Srivenkataramana (2014)[11]**, non-performing assets (NPAs) represent a significant risk to the banking sector. The total gross non-performing assets (NPAs) for public sector banks, according to a recent study (The Hindu, July 2014), is an astounding Rs. 2,04,000 crores. There are over 180 defaulters in the state of Karnataka alone, and their combined debt exceeds one crore rupees. Since bad loans ultimately impact the nation's economy, non-performing assets (NPAs) demand the utmost attention. They felt that in order to manage non-performing assets (NPAs) more effectively, it was helpful to identify the causes of the NPAs in the first place so that appropriate corrective action could be done.

The impact of post-liberalization banking sector reforms on the asset quality of State-Credit Banks (SCBs) in India was studied by **Chaudhary, S., and Singh, S. (2012)[12].** Analysing the effects of the reforms on the asset quality of public, private, and international banks operating in India by group and year was the aim of the research project.

OBJECTIVES OF THE STUDY

The following are objectives of the study.

1. To Review Trends and Practices of Indian banking sector during the post- reform period.
2. To analyze the NPA trends in SBI and HDFC in India.
3. To Examine the NPA management practices in commercial banks in India.

4. To study the Profile of Banking sector and SBI and HDFC.
5. To elicit the opinions of respective bank managers and authorities of SBI and HDFC towards NPA management practices select banks.
6. To know the opinions of borrowers of the two select banks SBI and HDFC with regards to recovery of techniques out.
7. To offer suggestions for improving the NPA management of schedule commercial banks in general and that of SBI and HDFC in particular in the area of NPA management

HYPOTHESES OF THE STUDY

The study tests the nonperforming assets performance of selected banks under private and public sector. It has been used financial tools and indicators for measuring its profitability and operational performance of nonperforming assets. Borrower and employee perception is collected and assessed to understand the status of nonperforming assets status in selected banks. These particular hypotheses are tested at the right time and the findings are analyzed and interpreted based on the techniques mentioned above.

The following theories have been selected to be tested.

H_{01}: There is no association between the engagements of outsourcing agencies in the pre inspection loans and recovery process.

H_{02}: There is no association between technology support and NPA management

$H0_3$: There is no association between secure loans from the banks easily.

RESEARCH METHODOLOGY

The research study focused on the management of non-performing assets (NPA) in the State Bank of India and HDFC banks in Visakhapatnam District, Andhra Pradesh. The study location chosen was Visakhapatnam, which is known as a city of destiny for Investments. The researcher has selected the State Bank of India (SBI) as the top bank in the public sector and HDFC as the top bank in private sector, for the study. SBI is leading bank in Visakhapatnam city with 63 branches and zonal headquarters located officials/field officers has been officials out of a total of 315 State Bank officials in Visakhapatnam city.

A survey consisting of 29 questions focused on Bank officials/Field officers has been created. These questions were given to a randomly chosen group of 89 Bank officials out of a total of 315 State Bank Official in Vishakhapatnam city. A total of 120 officials had answered. Second Questionnaire has been created, consisting of 18 questions that aim to gather information from borrowers. A total of 272 borrowers were picked at random, however data could only be collected from 120 of them.

The questions addressed the potential factors contributing to NPAs issues and the concerns expressed by customers over their ability to repay the loans they have received. Various authorities provided proposals to address the issue of non-performing assets (NPAs) and proposed measures to reduce NPAs in both public sector and private sector banks. Wherever possible secondary data has been collected from 1969, the year in which the 14 banks were nationalized and to the extent possible the secondary data were collected up to 2021-22.

Results and Discussions

Testing Of Hypothesis

Ho$_1$: There is no association between the engagement of outsourcing agencies in the pre-inspection loans and the recovery process is desirable in public sector banks and private sector banks.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	264.179[a]	119	.000
Likelihood Ratio	235.514	119	.000
Linear-by-Linear Association	78.214	1	.000
N of Valid Cases	120		

a. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 3.36.

From the analysis it is observed that the chi-square test values which are 264.179 according to Pearson chi-square,232.514 according to likely hood ratio and 78.214 according to linear by linear association.

All these values are significant, because the asymptotic probability is significant (or) probability value is less than 0.05 . (i.e. $P \leq 0.05$) so, from these values it is concluded that there is an association between Outsourcing Agencies in the pre-inspection of loans and recovery process is desirable.

Metric Measures

	Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval byPearson's R Interval	.848	.046	9.541	.000[c]
Ordinal bySpearman Ordinal Correlation	.316	.041	11.545	.000[c]
N of Valid Cases	120			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

From the analysis it is observed that the correlation values i.e. 0.848 according to Pearson correlation and 0.316 according to spearman correlation. All these values are representing the strong degree of positive correlation between outsourcing agencies in the pre-inspection loans and recovery process is desirable.

The reasons ventilated by 72 respondents who felt that the engagement of outsourcing agencies in the pre – inspection of loans and also recovery process is desirable are present in Table 6.16. It is found that a little over 43 per cent felt that the bank staff can save time in the process of recovery measures and can concentration on other vital areas of the bank while 37.5 per cent felt that more scope for recovery of loans is possible due to continuous follow up by the outsourcing agencies. There are however a little over 19 per cent who are of the view that due to shortage of bank staff, this measure is useful for recovery mechanism. Almost the same trend is discernible between SBI and HDFC respondents in this regard.

The respondents who do not favour engagement of outsourcing agencies in the pre-inspection of loans are asked to ventilate the reasons for this and the response given by them is placed.

H0$_2$: There is no association between technology support in NPA management of your bank.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	264.179[a]	119	.000
Likelihood Ratio	235.514	119	.000
Linear-by-Linear Association	78.214	1	.000
N of Valid Cases	120		

a. 4 cells (20.0%) have expected count less than 5. The minimum expected count is 3.36.

From the analysis it is observed that the chi-square test values which are 264.179 according to Pearson chi-square ,232.514 according to likely hood ratio and 78.214 according to linear by linear association.

All these values are significant, because the asymptotic probability is significant (or) probability value is less than 0.05 . (i.e. P≤0.05) so, from these values it is concluded that there is an association between technology support and NPA management.

Metric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.848	.046	9.541	.000[c]
Ordinal by Ordinal	Spearman Correlation	.316	.041	11.545	.000[c]
N of Valid Cases		120			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

From the analysis it is observed that the correlation values i.e. 0.848 according to

Pearson correlation and 0.316 according to spearman correlation. All these values are representing the strong degree of positive correlation between the technology support and NPA management and ineffective. Almost the same trend is visible between SBI and IDBI staff in this regard.

The respondents are asked their opinion about performing due diligence exercise in their bank while sanctioning loans and the response given by them is presented.

Reduction of bank frauds in FY 2021 – 22 over FY 2020 - 21

Banks Category	No. of Frauds		Amount Involved	
	FY 2020 – 21	FY 2021 – 22	FY 2020 - 21	FY 2021 – 22
Public Sector Banks	2,901	3,078	81,901	40,282
Private Sector Banks	3,710	5,334	46,335	17,588
Foreign Banks	520	494	3,280	1,206
Financial Institutions	24	10	6,663	1,305
Small Finance Banks	114	155	30	30
Payment Banks	88	30	2	1
Local Area Banks	2	2	Nil	2
In FY 2020 No.of cases: 8,703 In FY 2020 Amount involved Rs.1,85,468	7,359	9,103	1,38,211	60,414

Source: RBI Annual Report.

The amount of money involved in bank frauds during 2021 – 22 came down by more than half, compared to the previous financial year, It is clear from the table that while private banks had more number of frauds, value of frauds was more in Public Sector banks, while a whopping Rs. 1,38,211 crore was involved in fraudulent banking activities in FY 21, it was Just Rs. 60,414 crore in FY 22. Frauds reported in public sector banks account for Rs.40,282 crore which is 67 per cent the total money involved, However, the amount of money involved in frauds in public sector banks, has been reducing since FY 20. It was, Rs.1,48,224 crore and Rs. 81,901 crore in FY 20 and FY 21 respectively. While the amount involved in frauds has come down steeply, the number of incidents of fraud has increased by 1,744 compared to FY 21. At that time a total of 7,359 frauds were reported by banks across the country. However in FY 22, the number shot up to 9103. A majority of these incidents (5334) were reported in private sector banks. Over a third or 3308 incidents were reported by Public Sector Banks. This time too, like the previous financial years, 97 per cent of the money related to frauds in advances (Rs. 58,328 crore) was involved. However 3839 incidents of fraud occurred in this category while cards and internet transactions amounted for a total of 3,596 frauds, with only Rs.155 crore was involved.

$H0_3$: There is no association between secure loans from the banks easily.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	249.217[a]	119	0
Likelihood Ratio	194.358	119	0
Linear-by-Linear Association	66.841	1	0
N of Valid Cases	120		

a. 4 cells (20.0%) have expected count less than 5. The minimum expected countis 3.36.
From the analysis it is observed that the chi-square test values which are

249.217 according to Pearson chi-square, 194.358 according to likely hood ratio and 66.841 according to linear by linear association.

All these values are significant, because the asymptotic probability significant (or) probability value is less than 0.05. (i.e. P≤0.05) so, from these values it is concluded that there is an association between Public Sector and Private Sector Banks with regard to preference to the loan.

Metric Measures

		Value	symp.Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	0.781	0.046	9.541	.000[c]
Ordinal by Ordinal	Spearman Correlation	0.416	0.041	11.545	.000[c]
N of Valid Cases		120			
a. Not assuming the null hypothesis.					
b. Using the asymptotic standard error assuming the null hypothesis.					
c. Based on normal approximation.					

From the analysis it is observed that the correlation values i.e. 0.781 according to Pearson correlation, 0.416 according to spearman correlation. All these values are representing the strong degree of positive correlation between Public Sector and Private Sector Banks with regard to customer preference to take loans.Table 7.7 depicts distribution of borrowers by purpose of loan. It is seen from the table that 31.6 per cent of the sample borrowers have taken the loan for business development, followed by 29.2 per cent who took loan for consumption purpose. There are however 26.6 per cent who borrowed for agricultural operations. Only 12.6 per cent borrowed for buying vehicle. Almost the same phenomenon is noticed between the two bank borrowers.

Distribution of Respondents by purpose of loan taken

Purpose	**SBI**	**HDFC**	**Total**
For Agricultural activities	18 (25.3)	14 (28.6)	32 (26.6)
For Business Development	23 (32.4)	15 (30.6)	38 (31.6)
For Purchase vehicle	8 (11.4)	7 (14.3)	15 (12.6)
For Construction house	-	-	-
For Consumption needs	22 (30.9)	13 (26.5)	35 (29.2)
Total	**71** (**100**)	**49** (**100**)	**120** (**100**)

Figures in brackets are percentages to their vertical totals.

The respondents are asked "Did you also borrow money from other banks apart from this bank?" and the response is placed in Table 7.8. It is found that the answer given by a little over 64 per cent is positive while the rest 35.9 per cent is negative. Almost the same phenomenon is noticed between the two bank borrowers. Thus it can be concluded that majority of the respondents have also borrowed from other banks.

Did you also borrow money from other banks apart from this bank?

Particulars	**SBI**	**HDFC**	**Total**
Yes	46	31	77
	(64.8)	(63.2)	(64.1)
NO	25	18	43
	(35.2)	(36.8)	(35.9)
Total	**71**	**49**	**120**
	(**100**)	(**100**)	(**100**)

Figures in brackets are percentages to their vertical totals.

Almost the same phenomenon is noticed between the two bank borrowers. Thus it can be concluded that majority of the respondents have also borrowed from other banks. Table 7.9 shows the reasons for getting loans from different banks simultaneously. 33.7 per cent of respondents expressed that banks are giving loans without considering the repayment capacity due to competition among banks while a little over 31 per cent revealed that they also took loans from other banks as they have the repaying capacity with high CIBIL score. There are however a little over 18 per cent who are of the view that they are borrowing from other bank as inadequate amount being sanctioned by the previous bank. Had the previous bank namely either SBI or HDFC sanctioned the full required amount, there would not be any need totake any additional loan a fresh from another bank.

If yes, reasons for getting loans from different banks simultaneously

Reasons	**SBI**	**HDFC**	**Total**
Banks are giving loans without considering the repayment capacity due to competition	13 (28.3)	13 (41.9)	26 (33.7)
No individual bank is sanctioning sufficient credit	9 (19.5)	5 (16.1)	14 (18.2)
Repaying capacity of the loans with high CIBIL score	16 (34.8)	8 (25.8)	24 (31.3)
Familiarizing with the staff members of different banks	8 (17.4)	5 (16.2)	13 (16.8)
Total	**46** (**100**)	**31** (**100**)	**77** (**100**)

Figures in brackets are percentages to their vertical totals.

The respondents are asked between public sector and private sector banks which one you prefer for taking loan?" and their response is presented in Table 7.10.It is clear from the table that 61.7 per cent prefer Public Sector banks while the rest 38-3 per cent prefer private sector banks. The same phenomenon is noticed between the two bank borrowers.

Total Variance Explained

As can be seen from the table, two of the four retrieved components account for 58.577 percent of the overall variation. Twenty-two,988% of the variation is explained by the first factor. 16.880 percent of the variation is explained by the second factor. Four components account for 9.674% of the variation, whereas the third factor accounts for 11.725 percent.

Total Variance Explained[a]

Component	Initial Eigen values			on Sums of Squared Loadings			n Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.233	20.298	20.298	2.233	20.298	20.298	1.955	17.771	17.771
2	1.857	16.88	37.178	1.857	16.88	37.178	1.948	17.712	35.483
3	1.29	11.725	48.903	1.29	11.725	48.903	1.413	12.846	48.33
4	1.064	9.674	58.577	1.064	9.674	58.577	1.127	10.247	58.577
5	0.964	8.767	67.344						
6	0.797	7.243	74.587						
7	0.67	6.089	80.676						
8	0.603	5.48	86.156						
9	0.595	5.411	91.567						
10	0.514	8.433	100						
Extraction Method: Principal Component Analysis.									
a. Only cases for which Gender of the Respondents are used in the analysis phase.									

Component matrix

We can see that 10 variables are loaded on the first factor and the first variables are loaded on the second factor from the component matrix factor solution. The third component is placed onto the fourth factor, while the second factor is loaded onto the third. The fourth element cannot be disregarded because it does not have superior loadings. Then, interpreting the factors becomes challenging. We use varimax rotation to easily rotate the factors.

Component Matrix[a,b]

	Component			
	1	2	3	4
Harassment by bank officials for repayment in high	0.419	-0.624	-0.322	0.062
EMI fixation by bank is scientific	0.534	-0.514	-0.231	-0.11
It is.Fair to appoint recovery agents by banks	0.195	0.2	0.542	0.45
Bank is considerate and listening to the problems of defaulted borrowers	0.469	-0.316	0.294	-0.09
The terms and conditions for sanctioning of loan are clear and explained to the borrowers by the bank staff	0.316	-0.56	-0.026	0.142
Under-financing is a major reason for increasing NPAs	0.475	0.017	0.552	0.223
Excessive political intervention in the banking operations system is the root cause for mounting level of NPAs	0.295	0.215	-0.314	0.72
Should offer incentive to the borrowers who are prompt in repayment	0.272	0.598	-0.403	-0.05
Bank staff should maintain effective communication link with the borrowers so as to track their performance record and render helping hand to address any genuine credit problem	0.572	0.396	-0.133	-0.09
Laxity in repayment of loans from the borrowers is mainly due to lack of effective supervision after-sanction of credit.	0.671	0.372	-0.207	-0.12
Extraction Method: Principal Component Analysis.				
a. 4 components extracted.				
b. Only cases for which Gender of the Respondents are used in the analysis phase.				

CONCLUSION:

Banks are drivers of growth and have a major role in financial intermediation and providing funds for economic activities. In 1947, when India got Independence, there were 97 scheduled commercial banks including Imperial Bank of India with deposits of Rs 1,090 crores and a credit portfolio of R 475 crores. The Imperial Bank of India having the largest share of business became State Bank of India on 1 July, 1955. In those days, banks used to mobilize deposits from the public, but werepurveying credit to big private industrialists. This lopsided and biased credit growth led to the introduction of social control over banks in 1967. Fourteen major SCBs were nationalized on 19, July 1969. Another six large banks were nationalized in 1980, bringing around 90 per cent of banking business under government ownership. Lead Bank Scheme was launched in December 1969.

State Level Bankers Committee was set up in 1971 and RBI's priority Sector lending norms framed in 1974, Regional Rural Banks were set up in September 1975 Deposit Insurance and Credit Guarantee Corporation was set up in 1978 to protect the interests of depositors, and NABARD was set up in 1982 for accelerating the flow of credit for integrated rural development.

From a mere 8262 branches as on 1969, the year of bank nationalization of 14 banks to as many as 1,51,250 branches at the end of 2022 accounting for an increase of 18.30 times. The number of rural bank branches has also registered an increase from 1833 to 53,210 registering an increase of 29.03 times during the above period. In the same way, the manpower of the SCBs has zoomed from 12, 20,731 in 2012 - 13 to 16, 42,804 in 2021 - 22 accounting for a growth of 34.58 per cent. At the end ofMarch 2020, there were as many 2, 10,744 ATMs (including white Label ATMs) for all the SCBs. Today Indian Banking network reaches customers with nearly 29,000 metropolitan (19 per cent), 28,000 urban (18 per cent), 43,000 (28 per cent) semi- urban and 53000 urban (35 per cent) branches. The deposits of the SCBs have skyrocketed from Rs 1,92,541 crores to as much as Rs 1,39,75,095 crores during the period 1990-91 to 2019-20. Similarly, the credit extended by all SCBs during the same period has gone up from Rs 1, 16,300 crores to Rs 1, 03,01,914 crores.

SUGGESTIONS:

In both absolute and relative terms, the amount of NPAs in Indian public and private sector banks has significantly dropped. However, the following recommendations are made in order to bring banks up to par with the level of the global economy and to maintain this position in the upcoming years. The two actions that must be performed are preventing the addition of new non-performing assets and recovering money from accounts that have already become bad debts.

There are numerous recovery strategies accessible for NPA accounts. Legal obstacles frequently prolong the time required for recovery, which has an impact on the realisable value of NPAs. The regulatory authorities should make an effort to enhance the recovery management process so that NPA accounts can be recovered without suffering a significant loss in value.

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