

# A STUDY ON NON PERFORMING ASSETS MANAGEMENT SYSTEM IN BANKING SECTORES

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## ABSTRACT

NPA is used by financial institutions that refer to loans that are in jeopardy of default the so called NPL. Money or Assets provided by banks to companies as loans sometimes remain unpaid by borrowers. This late or non-payment of loans is called as Non-Performing Assets.

**Key words:** Non-performing assets, Innovation and collection of debts.

## INTRODUCTION

Banking Industry is a vital pillar of any economy. The growth and improvement of this industry relies upon the trust that society and the clients have in its unwavering quality. Without a doubt, the world economy has backed off; retreat is at its pinnacle. Globally securities exchanges have tumbled and business itself is getting hard. Today the Indian economy has been greatly influenced because of high financial shortfall, poor foundation offices and lawful system slicing of exposures to developing markets by FII's and so forth. Further, global rating benchmarks organizations like standard and poor have brought down India's credit rating to sub-speculation grade. Such negative perspectives have regularly exceeded positives, for example, expanding remote trade saves and a reasonable expansion rate. Under such a circumstance, it's implied that banks are no special case and are around to confront the warmth of a global down turn. One would be amazed to realize that the banks and financial institutions in India hold Nonperforming assets worth of Rs.1, 10,000 crores; in this current, NPA's of commercial banks are worth Rs.69, 000 crores. Bankers have understood that except if the level of NPA's is decreased definitely, they will think that it's hard to endure.

## REVIEW OF LITERATURE

**Lakshmanan and Dharmendran (2007)** inspected the trend and growth of District Central Co-operative Banks (DCCB) in Tamil Nadu in connection to three financial indicators, in particular, stores, loans and remarkable advances and overdues for a time of seven years from 1998-99 to 2004-05. The annual and compound growth rates were assessed for the financial indicators and the exponential function was utilized

to appraise the growth rates. Annual growth rates of stores were certain in all banks aside from in one bank. DCCBs indicated positive annual growth rates in loans and advances. The all out overdues uncovered negative annual growth rates in four banks yet it was factually insignificant. The compound growth rate was additionally negative in these banks while it was sure in different banks. Coming up next were proposed: the Tirunelveli DCCB should start an exceptional drive to prepare more stores from undiscovered sources. Issue of overdue in five recognized DCCBs must be tended to through appropriate recovery procedures and the level of non-performing assets must be decreased.

**Koli and Landage (2007)** assessed the performance of the Ratnagiri District Central Cooperative Bank (RDCC Bank) in India from the time it was built up in 1983 up to the time it was extended amid 2004-05. The annual growth rate of absolute stores ran from 1.26% to 47.01% amid the investigation time frame. The bank was anyway vigorously subject to acquiring which is anything but a healthy sign. The level of loan recovery ran somewhere in the range of 62.83% and 87.35% while the level of overdue went somewhere in the range of 9.45% and 42.66%, demonstrating that the bank was attempting to be effective. Be that as it may, the arrangement made against nonperforming assets was expanding in trend and its annual growth rate went from 1.33% to 113.45% showing reality in the financial performance of the bank.

## OBJECTIVES OF THE STUDY

1. To identify the assess and monitor NPA management under priority sector and non-priority sector advances of different financial institutions and
2. To have a glimpse at NPA management by the financial institutions with special reference to agriculture.

## RESEARCH METHODOLOGY

Details regarding the research design, data collection questionnaire, sampling plan, area of the study and statistical tools used are mentioned in this chapter.

### Research Design

Research design is purely and simply the framework or plan for a study that guides the collection and analysis of the data. The research design indicates the methods of research i.e. the method of gathering information and the method of sampling study is descriptive in nature.

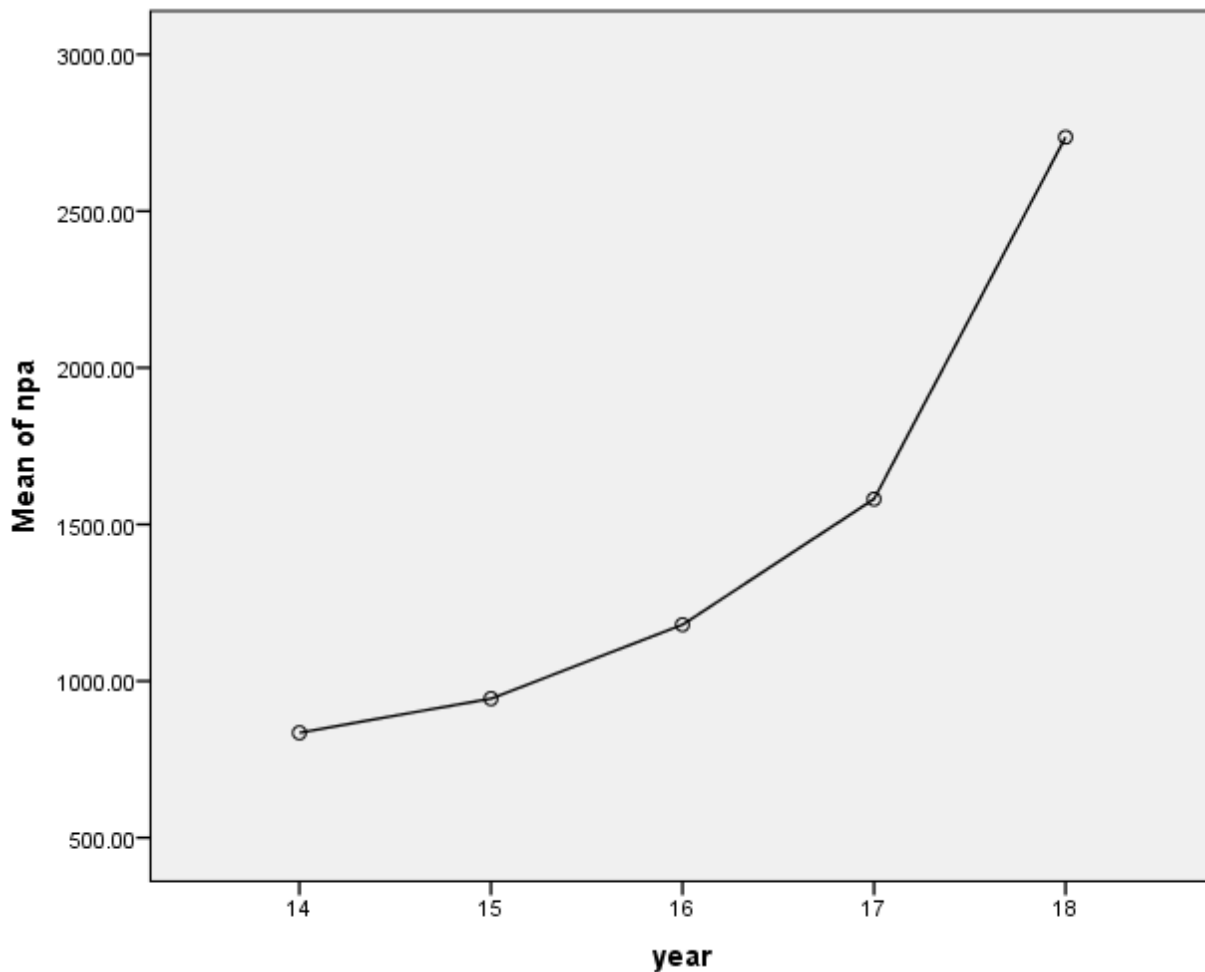
### Sampling Design

Sampling design comprises four major areas: Population, Frame, Sampling method and Sample size estimation.

### Non-Performing Assets

In India, the RBI monitors the entire banking system and, as defined by the country's central bank, if for a period of more than 90 days, the interest or installment amount is overdue then that loan account can be termed as a Non-Performing Asset.

#### GRAPH DEPICTING THE NPA VALUE OF COMMERCIAL BANKS OF KARNATAKA



#### FINDINGS

- Gross NPAs of scheduled commercial banks of karnataka increased gradually during the study period.
- Net NPAs of scheduled commercial banks increased on a steady pace with the passing of every year.

#### CONCLUSION

Aside from this, a high level of NPA additionally puts strain on a bank's net worth since banks are experiencing tension to keep up an ideal level of Capital Adequacy and without comfortable profit level; banks in the end look towards their internal financial solidarity to satisfy the standards accordingly

gradually disintegrating the net worth. Henceforth banks need to begin managing resources, monitor and access and find solutions to tackle NPAs as it can absolutely dissolve a bank's quality and net worth.

## REFERENCES

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