

NON-PERFORMING ASSETS: A STUDY OF VARIOUS STEPS TAKEN BY SYNDICATE BANK TO REDUCE THE NPA

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ABSTRACT

NPAs reflect the performance of banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves the necessity of provisions, which reduces the overall profits and shareholders' value. The issue of Non Performing Assets has been discussed at length for financial system all over the world. The problem of NPAs is not only affecting the banks but also the whole economy. In this paper A study of various steps taken by syndicate bank for reduce the Non-performing assets are discussed.

KEYWORDS: Non-performing Assets, (NPA), Probability, Credit Defaults, Profitability, Net-Worth.

Introduction

In fact high level of NPAs in Indian banks is nothing but a reflection of the state of health of the industry and trade. The Narasimhan Committee has recommended prudential norms on income recognition, asset classification and provisioning. In a change from the past, Income recognition is now not on an accrual basis but when it is actually received. Past problems faced by banks were to a great extent attributable to this. Classification of what an NPA is has changed with tightening of prudential norms. Currently an asset is 'non-performing' if interest or installments of principal due remain unpaid for more than 180 days. Non Performing Asset means, an asset or account of borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset, in accordance with the directions or guidelines relating to asset classification issued by The Reserve Bank of India.

Objective of Paper

- Understanding the cover is of NPA
- Understanding the reason of NPA increase
- Understanding the effects of NPA on Bank Performance
- Understanding the NPA status in Syndicate Bank

Asset Classification

The RBI has issued guidelines to banks for classification of assets into following categories:

- **Standard Assets:** These are loans which do not have any problem ageless risk
- **Substandard Assets:** These are assets which come under the category of NPA for a period of less than 12 months.

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Review of Literature

There are numerous empirical studies conducted on the issue of Non performing Assets of commercial banks in India as well as abroad. Present review deals with the empirical studies conducted in Indian context on

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