

NON- PERFORMING ASSETS – A CURSE TO PUBLIC SECTORS BANKS IN INDIA

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ABSTRACT

The Indian banking scenario has under gone many facets after the independence of India. The banking regulations acts 1949 were amended to bring growth in banking sectors. After globalisation in 1991, the service of the banking sectors has been widened and opened the door for the other countries to enter the Indian markets for the business and moving towards the new origin. The good healthy competition is formed between the bankers and it creates an environment of a “Feel Friendly” nature in the investors, customers and borrowers. Though the liberalisations make the way for the foreign investment to pour in, on the other hand the loan sanctioned to borrowers becomes sticky, bad and return on the loan started declining and affects the profitability of the banks. The non-generation of income from the loan advanced to borrowers particularly in Public sectors banks is comparatively higher than the private sectors banks. The reasons being are decline in the economic growth, slow in recovery process on a global wise, uncertainty in the global markets and other external & internal factors across the world. This paper is an attempt to analysis’ the various factors that increases the burdens of nonperforming assets more in the public sectors banks than private sectors banks in India.

KEY WORDS: Globalisation, Liberalisation, profitability, Gross and Net NPAs, Economic Growth.