IMPACT OF REFORMS ON NON-PERFORMING ASSETS

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ABSTRACT

The Banking Sector Reforms thus can be seen as a turning point aiming at a total transformation of Indian Banking from mere social-oriented lending to purpose and security-oriented lending through several strategic changes implemented in banks in a phased manner from 1991 onwards. The study observed that Nationalised Banks have become more efficient on managing NPA in comparison to any other banks. The GNPA Ratio of all banks is of 2.39% where as Nationalised Banks GNPA Ratio is of 2.04%. The study is based on the secondary data retrieved from RBI annual Report. The scope of the study is limited to the analysis of NPAs of the SBI Group, Nationalised Banks, Old Pvt. Sector Banks, New Pvt. Sector Banks and Foreign Banks for the period of last five years (2007-2011). The article further attempts to establish relationship between net-profit and NPA’s and total advances. The impact of NPA’s on net-profit and impact of total advances on NPA’s is also examined.

KEYWORDS: Banks, Finance, GNPA ratio NPA.