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NPA IN BANKING INDUSTRY – RESOLUTION STRATEGY

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ABSTRACT

A healthy banking system is essential for any economy striving to achieve growth and remain stable in competitive global business environment. Indian banks are favorable on growth, asset quality and profitability; RBI and Government have made some notable changes in policies and regulation to help strengthen the sector. These changes include strengthening prudential norms, enhancing the payments system and integrating regulations of commercial banks. In terms of quality of assets and capital adequacy, these banks have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. PSBs need to strengthen institutional skill levels especially in sales and marketing, service operations, risk management and the overall organizational performance ethic & strengthen human capital. The best indicator for the health of the banking industry in a country is its level of Non-performing assets (NPAs). NPAs are one of the major concerns for banks in India. It reflects the performance of banks. Reduced NPAs generally gives the impression that banks have strengthened their credit appraisal processes over the years and growth in NPAs involves the necessity of provisions, which bring down the over all profitability of banks.

KEYWORDS: *credit appraisal, stressed assets, provisioning norms, capital adequacy.*