INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at:
Ulrich's Periodicals Directory ©, ProQuest, U.S.A., The American Economic Association's electronic bibliography, EconLit, U.S.A., EBSCO Publishing, U.S.A., Index Copernicus Publishers Panel, Poland, Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)]
as well as in Cabell's Directories of Publishing Opportunities, U.S.A.
Circulated all over the world & Google has verified that scholars of more than Hundred & Twenty One countries/territories are visiting our journal on regular basis.
Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA
www.ijrcm.org.in

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Business Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses: **infoijrcm@gmail.com** or **info@ijrcm.org.in**.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF ____.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT:** The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**: These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

THE IMPACT OF NON-PERFORMING ASSETS ON THE PROFITABILITY OF INDIAN SCHEDULED COMMERCIAL BANKS: AN EMPIRICAL EVIDENCE

DR. N.KAVITHA
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
COLLEGE OF BUSINESS AND ECONOMICS
MEKELLE UNIVERSITY
ETHIOPIA

ABSTRACT

This paper deals with the assessment of non-performing assets on profitability, its magnitude and impact. Credit of total advances was in the form of doubtful asset in the past and has an adverse impact on profitability of public sector banks at comprehensive level representative high degree of riskiness in credit portfolio on the credit appraisal. The profitability of all public sector banks affected at very large extent when non-performing assets (NPAs) work with other banking and also affect productivity and efficiency of the banking groups. Banks directly or indirectly affect trade and industry development. In India, banks were purely limited to urban areas and provided credit to the business and trading community.

KEYWORDS
Profitability, Non-performing assets, Economy, Business and development.

PREAMBLE
In the globalisation era, banking and financial sector get high priority. Indian banking sector of having a serious problem due to non performing assets. The earning capacity and profitability of the bank are highly affected. While the primary function of banks is to lend funds as loans to various sectors such as agriculture, trade, personal loans, housing loans etc., in recent times the banks have become very careful in increase loans. The reason being increasing non-performing assets (NPAs). NPA is cleared as an advance for which interest or repayment of principal or both remain outstanding for a period of more than 180 days. The level of NPA act as an indicator viewing the bankers credit risks and competence of allocation of resource.

REASONS FOR NPA
Over hang component:
Overhang component is due to the environment reasons, economic cycle and etc.
Incremental component:
Incremental component may be due to internal bank management, credit policy, terms of credit.

MANAGEMENT OF NPA
During initial sage the percentage of NPA was higher. This was due to show ineffective recovery of bank credit, lacuna in credit recovery system, inadequate legal provision etc. Various steps have been taken by the government to recover and reduce NPAs.

- Settlement / compromise scheme
- Lok adalats
- Debt Recovery Tribunals
- Securitization and reconstruction of financial assets
- Corporate Reconstruction Companies
- Credit information on defaulters and role of credit information

REVIEW OF LITERATURE
There are several empirical studies carried out on the problem of Non-performing Assets of commercial banks in India. Present review deals with the observed in Indian context on Non performing Assets in weaker sections of public sector banks and private sector banks. Nagananthini.T (2007) attempted to "Profitability, Efficiency and Non-Performing Assets – A critical analysis with reference to the State Bank of India and its Associates" to study the trends in profitability, efficiency and non-performing assets of SBI and its associate banks considering interest, working funds, interest expense, gross profits, net profits, spread, etc., that the profitability is on an increasing trend. "Per employee" and "per branch" indicators were worked out and they showed that the efficiency of the firms has increased for all the banks during the study period and declined in gross and net NPA.

OBJECTIVES OF THE STUDY
i) To analyse the impact of non–performing assets on the profitability of banks.
ii) To evaluate the impact of non-performing assets on profitability with other variables

RESEARCH METHDOLOGY
The study is analytical in nature, and the present study uses the most recent available published secondary data for the years 2000-2010 compiled from Report on Trends and Progress of Banking in India. The scope of the study is limited to ten years data. The data has been analyzed using ratio. The study is related to SBI Group, Nationalized Banks Group and Private Banks Group.

ANALYSIS AND RESULTS
The increase in the profitability of a bank is always preceded by the composition of assets and liability. Hence, the following ratios are calculated to identify the optimal mix of banks in relation to profitability.
i) Ratio of Gross NPA to Gross Advances
ii) Ratio of Net NPA to Net Advances
iii) Ratio of Gross NPA to Total Assets
iv) Ratio of Net NPA to Total Assets

RATIO OF GROSS NPA TO GROSS ADVANCES

The ratio of Gross NPA to Gross Advances of all commercial banks grouped under three heads: SBI group, Nationalized Banks group and Private Bank's group. Group-wise, the ratio was more consistent in terms of dispersion for Private Banks group (C.V. 0.51 per cent) followed by Nationalized group (C.V. 0.50 per cent) and less consistent for SBI group (C.V. 0.49 per cent).

An insight into the SBI group reveals that this ratio fluctuated between 14.41 per cent in 2000-2001 and 1.92 per cent in 2009-2010. The average of this ratio for this group during the study period stood at 9.02 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (1.92 per cent) during 2009-2010 and maximum (14.70 per cent) during 2001-2002.

TABLE 1: RATIO OF GROSS NPA TO GROSS ADVANCES

Year	Ratio of Gross NPA to Gross Advances		
	SBI Group	Nationalized Banks Group	Private Banks Group
2000 – 2001	14.41	16.02	8.67
2001 – 2002	14.70	15.89	10.81
2002 – 2003	12.71	13.98	8.18
2003 – 2004	11.41	12.37	8.37
2004 – 2005	10.41	11.09	9.64
2005 – 2006	8.83	9.36	8.07
2006 – 2007	7.18	7.79	5.84
2007 - 2008	5.25	5.66	4.44
2008 - 2009	3.34	3.71	2.45
2009 - 2010	1.92	2.40	0.41
Mean	9.02	9.83	6.69
SD	4.51	4.88	3.33
CV	0.49	0.50	0.51

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years

An analysis of this ratio reveals that the Nationalized Banks group varied between 16.02 per cent in 2000-2001 and 2.40 per cent in 2009 - 2010. The average of this ratio was worked out at 9.83 per cent over the period of study. Among this group, this ratio was minimum (2.40 per cent) during 2009-2010 and maximum (16.02 per cent) during 2000-2001.

The Private banks group witnessed an average ratio of 6.69 per cent over the study period. This ratio varied between 8.67 per cent in 2000-2001 and 0.41 per cent in 2009-2010. Among this group, this ratio was minimum (0.41 per cent) during 2009-2010 and maximum (10.81 per cent) during 2001-2002. The least variability in the ratio in terms of dispersion was found. Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Government securities to assets during the period under study.

RATIO OF NET NPA TO NET ADVANCES

The ratio of Net NPA to Net Advances of all commercial banks grouped under three heads: SBI group, Nationalized banks group and Private banks group. Group-wise, the ratio was more consistent in terms of dispersion for Private Banks group (C.V. 0.61 per cent) followed by Nationalized group (C.V. 0.59 per cent) and less consistent for SBI group (C.V. 0.59 per cent)

An insight into the SBI group reveals that this ratio fluctuated between 7.30 per cent in 2000-2001 and 0.67 per cent in 2009-2010. The average of this ratio for this group during the study period stood at 4.41 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (0.67 per cent) during 2009-2010 and maximum (7.63 per cent) during 2001-2002.

An analysis of this ratio reveals that the Nationalized Banks group varied between 8.15 per cent in 2000-2001 and 0.74 per cent in 2009 – 2010. The average of this ratio was worked out at 4.80 per cent over the period of study. Among this group, this ratio was minimum (0.74 per cent) during 2009-2010 and maximum (8.15 per cent) for during 2000-2001.

The Private banks group witnessed an average ratio of 3.82 per cent over the study period. This ratio varied between 5.26 per cent in 2000 – 2001 and 0.44 per cent in 2009-2010. Among this group, this ratio was minimum (0.44 per cent) during 2009-2010 and maximum (7.41 per cent) during 2001-2002. The least variability in the ratio in terms of dispersion was found.

TABLE 2: RATIO OF NET NPA TO NET ADVANCES

Year	Ratio of Net NPA to Net Advances		
	SBI Group	Nationalized Banks Group	Private Banks Group
2000 – 2001	7.30	8.15	5.26
2001 – 2002	7.63	8.13	7.41
2002 – 2003	6.77	7.42	5.41
2003 – 2004	6.17	6.74	5.44
2004 – 2005	5.50	5.82	5.73
2005 – 2006	4.01	4.53	2.85
2006 – 2007	2.83	3.06	2.42
2007 - 2008	2.00	2.06	2.20
2008 - 2009	1.22	1.32	1.01
2009 - 2010	0.67	0.74	0.44
Mean	4.41	4.80	3.82
SD	2.61	2.85	2.32
CV	0.59	0.59	0.61

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years

Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Government securities to investment during the period under study.

RATIO OF GROSS NPA TO TOTAL ASSETS

The ratio of Gross NPA to Total Assets of all commercial banks grouped under three heads: SBI group, Nationalized banks group and Private banks group. Group-wise, the ratio was more consistent in terms of dispersion for Private banks group (C.V. 0.34 per cent) followed by Nationalized group (C.V. 0.44 per cent) and less consistent for SBI group (C.V. 0.45 per cent)

An insight into the SBI group reveals that this ratio fluctuated between 6.4 per cent in 2000-2001 and 1.02 per cent in 2009-2010. The average of this ratio for this group during the study period stood at 4.05 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (1.02 per cent) during 2009 - 2010 and maximum (6.4 per cent) during 2000-2001.

An analysis of this ratio reveals that the Nationalized Banks group varied between 7 per cent in 2000-2001 and 1.4 per cent in 2009-2010. The average of this ratio was worked out at 4.39 per cent over the period of study. Among this group, this ratio was minimum (1.4 per cent) during 2009-2010 and maximum (7 per cent) during 2000 - 2001.

The Private banks group witnessed an average ratio of 3.13 per cent over the study period. This ratio varied between 3.3 per cent in 2000-2001 and 1.29 per cent in 2009 - 2010. Among this group, this ratio was minimum 1.29 per cent) during 2009-2010 and maximum (4.55 per cent) during 2004 - 2005. The least variability in the ratio in terms of dispersion was found.

TABLE 3: RATIO OF GROSS NPA TO TOTAL ASSETS

	Ratio of Gross NPA to Total Assets		
Year	**SBI Group**	**Nationalized Banks Group**	**Private Banks Group**
2000 - 2001	6.4	7	3.3
2001 - 2002	6.2	6.7	4.05
2002 - 2003	5.5	6	3.4
2003 - 2004	4.9	5.3	3.6
2004 - 2005	4.6	4.9	4.55
2005 - 2006	4.1	4.2	4.05
2006 - 2007	3.3	3.5	3
2007 - 2008	2.6	2.8	2.35
2008 - 2009	1.9	2.1	1.75
2009 - 2010	1.02	1.4	1.29
Mean	4.05	4.39	3.13
SD	1.82	1.93	1.05
CV	0.45	0.44	0.34

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years

Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Approved Securities to Total Assets during the period under study.

RATIO OF NET NPA TO TOTAL ASSETS

The ratio of Net NPA to Total Assets of all commercial banks grouped under three heads: SBI group, Nationalized banks group and Private banks group. Group-wise, the ratio was more consistent in terms of dispersion for Private Banks group (C.V. 0.48 per cent) followed by Nationalized banks group (C.V. 0.54 per cent) and less consistent for SBI group (C.V. 0.52 per cent)

An insight into the SBI group reveals that this ratio fluctuated between 3 per cent in 2000-2001 and 0.45 per cent in 2009 - 2010. The average of this ratio for this group during the study period stood at 1.84 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (0.45 per cent) during 2009 - 2010 and maximum (3per cent) during 2000-2001.

An analysis of this ratio reveals that the Nationalized Banks group varied between 3.30 per cent in 2000-2001 and 0.39 per cent in 2009-2010. The average of this ratio was worked out at 1.67 per cent over the period of study. Among this group, this ratio was minimum (0.39 per cent) during 2009-2010 and maximum (3.30per cent) for during 2000-2001.

The Private banks group witnessed an average ratio of 1.67 per cent over the study period. This ratio varied between 2 per cent in 2000-2001 and 0.38 per cent in 2009 - 2010. Among this group, this ratio was minimum (0.38 per cent) during 2009-2010 and maximum (2.60 per cent) during 2001-2002. The least variability in the ratio in terms of dispersion was found.

TABLE 4: RATIO OF NET NPA TO TOTAL ASSETS

Year	**Net NPA to Total Assets**		
	SBI Group	**Nationalized Banks Group**	**Private Banks Group**
2000 - 2001	3.00	3.30	2.00
2001 - 2002	2.90	3.10	2.60
2002 - 2003	2.70	2.90	2.20
2003 - 2004	2.50	2.70	2.25
2004 - 2005	2.30	2.40	2.65
2005 - 2006	1.80	1.90	1.60
2006 - 2007	1.20	1.30	1.30
2007 - 2008	0.90	1.00	1.10
2008 - 2009	0.70	0.70	0.65
2009 - 2010	0.45	0.39	0.38
Mean	1.84	1.97	1.67
SD	0.97	1.06	0.80
CV	0.52	0.54	0.48

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years.

Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Investment to Assets during the period under study.

FINDINGS OF THE STUDY

While assessing the Impact of Non-Performing Assets on the Profitability, the researcher has observed that Ratio of Gross NPA to Gross Advances is 9.83 % by Nationalized banks, Ratio of Net NPA to Net Advances of Nationalised bank group has secured 4.80%, Ratio of Gross NPA to Total Assets is found to be 4.39% by Nationalised bank group; Ratio of Net NPA to Total Assets of Nationalised bank group with 1.97 % which is more than SBI and its Associates and private bank group. When the overall position was assessed, it is found that Nationalised bank group has secured the first place and the second place was taken by SBI and its Associates.

RECOMMENDATIONS FOR REDUCING NPAs

- It is the onus on the concerned bank which has given the loan to tackle the problem of NPA. Therefore the recommendations of Narasimham Committee which suggest that the asset management companies or asset reconstruction fund must redress the NPAs to be reviewed.

- A strong Banker-Borrower relationship should be improved. Forceful recovery by the banks, which is against corporate. Debt recovery will be much easier in a friendly atmosphere.
- Supporting the borrowers in developing his entrepreneurial skills will establish a good relation between the borrowers. but also help the bankers to maintain a track of their resources.
- Commercial Banks should be allowed to come up with their own method to address the problem of NPAs. It include surrendering and reducing the principal and interest on such loans, extending the loans, or settling the loan accounts. They should be fully authorized and apply all the privileged policies granted to the asset management companies.
- Another way to manage the NPAs by the banks is Compromise Settlement Schemes or One Time Settlement Schemes. Under these situations, it is necessary to bring more simplicity in such deals so that any mistake could be removed.

CONCLUSION

Indian banking sector is facing a serious problem of NPA. The extent of NPA is comparatively higher in public sectors banks. To improve the efficiency and profitability, the NPA has to be scheduled. Various steps have been taken by government to reduce the NPA. It is highly impossible to have zero percentage NPA. But at least Indian banks can try competing with foreign banks to maintain international standard. The study observed that there is increase in advances over the period of the study. However, the decline in ratio of NPAs indicates improvement in the asset quality of SBI Groups, Nationalised banks group and private sector banks. It is found on the basis of analysis that there is considerable development in the management of nonperforming assets in India. The study finally viewed that the prudential norms and other schemes has rushed banks to improve their performance and accordingly resulted into orderly down of NPA as well as enhancement in the financial strength of the Indian banking structure.

REFERENCES

- Arora, U., Vashisht, B. and Bansal, M. (2009), An Analytical Study of Growth of Credit Schemes of Selected Banks (March 26, 2009). *The Icfai University Journal of Services Marketing*, Vol. VII, No. 1, pp. 51-65, March 2009.
- Bhasin, N. (2008), *Banking Developments in India 1947 to 2007*, New Delhi, Century Publications.
- Chopra, K. (2005), *Managing Profitability and Productivity in Public Sector Banking*, ABS publications, Jalandhar.
- Desai,V. (2007), *Indian Banking-Nature and Problems*, Himalaya Publishing House, Bombay.
- Nagananthini.T, Profitability, Efficiencey and NPA's – A Critical analysis with reference to SBI and its Associates. Ph.D Thesis, Bharathiar University, Coimbatore, 2007.
- Pal Ved & Malik N.S. (2007), A Multivariate Analysis of the financial characteristics of Commercial Banks in India. *The Icfai Journal of Bank Management* .VI (3).
- Reserve Bank of India, Some Aspects and Issues Relating to NPAs in Commercial Banks, Reserve Bank of India Bulletin, July, 2009
- Vashist, A. K. (2004), Commercial Banking in the Globalized Environment, *Political Journal of India,* 13(2): 1-10.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals