

# Impact of Non-Performing Assets on Public Sector Banks in India.

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- **Abstract:** In the present era, the Indian banking systems have faced accumulation of excessive non-performing assets (NPA's), especially in the public sector banks. With the growing percentage of credit default happening over the past few years, Indian banks are facing large cases of NPA's. As per RBI, delay in the payment of loans even by a single day is considered default. As per the financial predictions made, the companies may default on more than 2.5 lakh crore rupees in the upcoming years. There are several reasons for this research paper to be made. The primary motive is to do an extensive study on the behaviour of these defaulters and how will it affect the profitability of banks in the upcoming scenario. Moreover, this research paper will throw light upon few of the largest NPA's the Indian banks have suffered in the past and how in the future they can reduce loan defaults. It will also contain in-depth research about the relationship between the profits and non-performing asset in the public sector bank. There is immense need for an effective risk management policy in the public sector banks so that the banks can get hold of the urgency of the risk. Over the past few years, the economy has seen merger of a large number of banks. One of the major reasons behind the merger was the huge amount of NPAs the acquired banks had with them which made them impossible to survive in this fast-paced economy. These issues will not only lead to poor economic growth but also a much lower level of employment in the economy.
- **Keywords:** banking, NPA's, RBI, prediction, companies, profitability, asset, urgency.