



Non-Performing Assets: A Serious Problem among Indian Public Sector Banks (A Case Study of Patna Sadar)

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Abstract: A healthy and sound banking system is very essential for any economy in order to grow and remain in this competitive environment. It is considered as the backbone of economic progress. Banking as an institution, deals with lending and collection of money following the basic rule of 'demand and supply'. Its lending business is associated with risk as there is always a probability of loans turning into Non-Performing Assets (NPAs). The best indicator for the health of the banking industry in a country is its level of NPAs. In present

scenario, banks are incurring huge losses due to mounting pressure of NPAs with the Public Sector Banks (PSBs). NPA has a direct impact on the profitability, liquidity and solvency position of the bank. This paper basically deals with the trend of NPAs in banking industry, the factors that mainly contribute to NPA and also provides some suggestions to overcome this burden of NPA on Indian PSBs.

Keywords: Banking system, NPA, PSBs, profitability, liquidity.

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Introduction :

Around the world, Finance is an important thread which brings many sectors together all over the world. It acts as a catalyst for economic development of the country. The role of banking sector in economic transformation is significant as banks play a vital role in providing the desired financial resources to the needy sectors. Thus, banking is considered as the 'backbone' of the economy. In emerging countries like India, banks were more than mere agents of financial intermediation and carry the additional responsibility of achieving the governments' social agenda also.

Banking as an institution dealing with the lending and collection of money. It follows the basic law of 'demand and supply'. People having excess money lends to those who need it, for productive purposes and