

E-Summary

“NON PERFORMING ASSETS OF A NATIONALISED COMMERCIAL BANK –A STUDY OF PUNJAB AND SIND BANK IN LUDHIANA DISTRICT”

In the sphere of mobilization of community's financial savings, the commercial banks have emerged as one of the major financial intermediaries in the country. Since nationalization there has been a spectacular rise in the volume of deposits of commercial banks of India. In the post nationalization era, deposits from rural areas not only increased in absolute terms but the share of such deposits in total deposits increased significantly. There has been growing concern about the operational efficiency of the financial system. This phenomenal transformation of banking sector has led to some serious organizational and other structural problems. Low profitability, growing industrial sickness, increasing non performing assets and relatively low capital base of the banks were some major problems. Amidst these strains felt in the banking sector, the commercial banks required to put objective of profitability into sharper focus in the years to come, not only for their survival but also for remaining as powerful instrument of social change.

The study was conducted on NPAs of Punjab and Sind Bank in Ludhiana District. After understanding definition and concept of NPAs, the various types of loans that the Bank had disbursed were studied and a comparison of the loans disbursed in Punjab State and Ludhiana District was analysed. In this study, the ratio of Gross NPAs to Gross Advances was found to be declining over the years which meant that the Bank had been following the mechanism available for solving such NPAs. These NPAs were found to be adversely affecting the profitability of the Bank. Various case studies of NPAs were undertaken that related to SARFAESI Act and DRT and the analysis had shown that the SARFAESI Act was found to be more useful in recovery of the outstanding dues. Despite all the efforts of the Bank, it was seen that the cases took long time to get resolved. The study recommends a number of measures with which the management of these NPAs can be improved. Further, it was suggested that a proper record of the reasons of the account turning bad and the methods and time taken to recover such accounts has to be kept by the Authorised Officer so that these are not repeated again. Thus, a little more care in the bank affairs starting from the pre sanction appraisal to recovering of outstanding dues would help the Bank to come out of the menace of such NPAs.