Debt Restructuring Mechanism – Acomparative Study of PNB and SBI

DR. NEETU JAIN
Assistant Professor, The Bhopal School of Social Sciences, Bhopal (M.P.)

Abstract— The incidence of NPA is the focal threat of banking sector. The Non-Performing Assets (NPAs) problem is one of the foremost and the most formidable problems that have shaken the whole banking sector in India like an earthquake. Like a cancer worm, it has been eating the banking system from within, since long. It has grown like a cancer and has infected every limb of the banking system. It has an effect on profitability and liquidity along posing threat on asset quality and survival of banks. The NPAs are considered as an important parameter to judge the performance and financial health of banks. The growing NPAs have been a cause of concern for the entire banking industry. Some measures are designed to maximize the NPAs recoveries in Indian banking. The Central government and RBI have taken steps for controlling incidence of fresh NPAs and creating legal and regulatory environment to facilitate the recovery of existing NPAs of banks. Researcher has tried to study the recovery measures followed by the banks and also made a comparative study of debt restructuring mechanism followed by two major banks PNB and SBI.

Indexed Terms— debt restructuring mechanism, DRT,

I. INTRODUCTION

The banking system plays an important and praiseworthy role in the development and growth of the economy. The banking system mobilizes the funds from the surplus units and circulates them to the deficit sectors for their fruitful and efficient utilization. The Indian banking sector consists of Public Sector Banks, Private Sector Banks and Foreign Sector Banks. The money is advanced in the form of loans and advances by these banks to earn interest income and get repayment of principal at periodic intervals as per the contractual obligations between the lender and the borrower. The assets which are unable to meet the commitment of payment within a specified period from due date is called Non-Performing Asset or Non-Standard Asset.

The NPAs are measured as one of the important concern to determine the performance and financial health of banks. Nowadays the mounting NPAs have been a major cause of concern for the entire banking industry. Due to wrong credit appraisal and incompetent recovery mechanism, banks have been staggering under sky-scraping bad debts.

Recovery mechanism is a process of carrying out the recovery procedures and mechanisms required to restore the financial assets in the event of failure to repay by the borrower. An NPA is a double-edged sword. It not only decreases the income but also require provision for NPA. It also decreases the asset quality of banks. That is why; the recovery of NPAs plays a significant role to uphold the banking industry.

Recovery Channels

Some measures are designed to maximize the NPAs recoveries in Indian banking. The Central government and RBI have taken steps for controlling incidence of fresh NPAs and creating legal and regulatory environment to facilitate the recovery of existing NPAs of banks. They are:

1. One Time Settlement Schemes - This scheme covers all sectors sub – standard assets, doubtful or loss assets.

All cases on which the banks have initiated action under the SARFAESI Act (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act) and also cases pending before Courts/DRTs/BIFR, subject to consent decree being obtained from the Courts/DRTs/BIFR are covered. However, cases of willful default, fraud and malfeasance are not covered. As per the OTS scheme, for NPAs up to Rs. 10crores, the minimum amount that should be recovered should be 100% of the outstanding balance in the account.

2. Lok Adalats - Lok Adalat institutions help banks to settle disputes involving account in "doubtful" and "loss" category, with outstanding balance of Rs. 5 lakh for compromise settlement under Lok Adalat. Debt recovery tribunals have been empowered to organize Lok Adalat to decide on cases of NPAs of Rs. 10 lakh and above. This mechanism has proved to be quite effective for speedy justice and recovery of small loans. The progress through this channel is expected to pick up in the coming years.

3. Debt Recovery Tribunals (DRTs) The Debt Recovery Tribunals have been established by the Government of India under an Act of Parliament (Act 51 of 1993) for expeditious adjudication and recovery of debts due to banks and financial institutions. The Debt Recovery Tribunal is also the appellate authority for appeals filed against the proceedings initiated by secured creditors under the SARFAESI Act (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act). The recovery of debts due to banks and financial institution passed in March 2000 has helped in strengthening the function of DRTs. Provision for placement of more than one recovery officer, power to attach defendant's property/assets before judgment, penal provision for disobedience of tribunal's order or for breach of any terms of order and appointment of receiver with power of realization, management, protection and preservation of property are expected to provide necessary teeth to the DRTs and speed up the recovery of NPAs in the times to come. DRTs which have been set up by the Government to facilitate speedy recovery by banks/DFIs, have not been able make much impact on loan recovery due to variety of reasons like inadequate number, lack of infrastructure, under staffing and frequent adjournment of cases. It is essential that DRT mechanism is strengthened and vested with a proper enforcement mechanism to enforce their orders. Non observation of any order passed by the tribunal should amount to contempt of court, the DRT should have right to initiate contempt proceedings. The DRT should empowered to sell asset of the debtor companies and forward the proceed to the winding – up court for distribution among the lenders.

4. Securitization and SARFAESI Act - Securitization is a relatively new concept that is taking roots in India of late. It is still in its infancy with only a few market players. Securitization is considered an effective tool for improvement of capital adequacy. It is also seen as a tool for transferring the reinvestment risk, apart from credit risk helping the banks to maintain proper match between assets and liabilities. Securitization can also help in reducing the risk arising out of credit exposure norms and the imbalances of credit exposure, which can help in the maintenance of healthy assets. The SARFAESI Act intends to promote Securitization, pool together NPAs of banks to realize them and make enforcement of Security Interest Transfer. The SARFAESI Act-2002 is seen as a booster, initially, for banks in tackling the menace of NPAs without having to approach the courts. With certain loopholes still remaining in the act, the experiences of banks were that the Act in its present form would not serve the envisaged objective of optimum recovery of NPAs, particularly with the hard-core NPA borrowers dragging the banks into endless litigation to delay the recovery process. The Supreme Court decision in regard to certain proviso of the SARFAESI Act also vindicated this view. This section deals with the features of Securitization and its resourcefulness in tackling NPAS and about the SARFAESI Act, its resourcefulness and limitations in tackling the NPA borrowers and the implication of the recent Supreme Court judgment. With the steady sophistication of the Indian Financial Services Sector, the structured finance market is also growing significantly, of which Securitization occupies a prominent place. With Basel II norms imminently being implemented by 2008, banks are required to pool up huge capital to offset the credit risk and operational risk components. Securitization, therefore, is seen to be an effective and vibrant tool for capital formation for banks in future.

5. Asset Reconstruction Company (ARC) This empowerment encouraged the three major players in Indian banking system, namely, State Bank of India (SBI), ICICI Bank Limited (ICICI) and IDBI Bank Limited (IDBI) to come together to set-up the first ARC. Arcil was incorporated as a public

limited company on February 11, 2002 and obtained its certificate of commencement of business on May 7, 2003. In pursuance of Section 3 of the Securitization Act 2002, it holds a certificate of registration dated August 29, 2003, issued by the Reserve Bank of India (RBI) and operates under powers conferred under the Securitization Act, 2002. Arcil is also a "financial institution" within the meaning of Section 2 (h) (ia) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act"). Arcil is the first ARC in the country to commence business of resolution of non-performing assets (NPAs) upon acquisition from Indian banks and financial institutions. As the first ARC, Arcil has played a pioneering role in setting standards for the industry in India.

A. Unlocking capital for the banking system and the economy the primary objective of Arcil is to expedite recovery of the amounts locked in NPAs of lenders and thereby recycling capital. Arcil thus, provides relief to the banking system by managing NPAs and help them concentrate on core banking activities thereby enhancing shareholders value.

B. Creating a vibrant market for distressed debt assets / securities in India offering a trading platform for Lenders Arcil has made successful efforts in funneling investment from both from domestic and international players for funding these acquisitions of distressed assets, followed by showcasing them to prospective buyers. This has initiated creation of a secondary market of distressed assets in the country besides hastening their resolution. The efforts of Arcil would lead the country’s distressed debt market to international standards.

C. To evolve and create significant capacity in the system for quicker resolution of NPAs by deploying the assets optimally With a view to achieving high delivery capabilities for resolution, Arcil has put in place a structure aimed at outsourcing the various sub-functions of resolution to specialized agencies, wherever applicable under the provision of the Securitization Act, 2002. Arcil has also encourage, groomed and developed many such agencies to enhance its capacity in line with the growth of its activity.

6. Corporate Debt Restructuring (CDR)- Corporate Debt Restructuring (CDR) framework is to ensure timely and transparent mechanism for restructuring of the corporate debts of viable entities facing problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned. In particular, the framework will aim at preserving viable corporate that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and coordinated restructuring programme. CDR system in the country will have a threetier structure:

A. CDR Standing Forum B. CDR Empowered Group C. CDR Cell

A. CDR Standing Forum: The CDR Standing Forum would be the representative general body of all financial institutions and banks participating in CDR system. All financial institutions and banks should participate in the system in their own interest. CDR Standing Forum will be a self-empowered body, which will lay down policies and guidelines, guide and monitor the progress of corporate debt restructuring.

B. CDR Empowered Group: The CDR Empowered Group would be mandated to look into each case of debt restructuring, examine the viability and rehabilitation potential of the Company and prove the restructuring package within a specified time frame of 90 days, or at best 180 days of reference to the Empowered Group.

C. CDR Cell - The CDR Standing Forum and the CDR Empowered Group will be assisted by a CDR Cell in all their functions. The CDR Cell will make the initial scrutiny of the proposals received from borrowers / lenders, by calling for proposed rehabilitation plan and other information and put up the matter before the CDR Empowered Group, within one month to decide whether rehabilitation is prima facie feasible, if so, the CDR Cell will proceed to prepare detailed Rehabilitation Plan with the help of lenders and if necessary, experts to be engaged from outside. If not found prima facie feasible, the lenders may start action for recovery of their dues.

7. The Mechanism of the CDR - CDR will be a Non-statutory mechanism. CDR mechanism will be a

voluntary system based on debtor-creditor agreement and inter-creditor agreement. The scheme will not apply to accounts involving only one financial institution or one bank. The CDR mechanism will cover only multiple banking accounts/ syndication / consortium accounts with outstanding exposure of Rs.20 crore and above by banks and institutions. The CDR system will be applicable only to standard and sub-standard accounts. However, as an interim measure, permission for corporate debt restructuring will be made available by RBI on the basis of specific recommendation of CDR "Core-Group", if a minimum of 75 per cent (by value) of the lenders constituting banks and FIs consent for CDR, irrespective of differences in asset classification status in banks/ financial institutions. There would be no requirement of the account / company being sick NPA or being in default for a specified period before reference to the CDR Group. This approach would provide the necessary flexibility and facilitate timely intervention for debt restructuring. Prescribing any milestone(s) may not be necessary, since the debt restructuring exercise is being triggered by banks and financial institutions or with their consent. In no case, the requests of any corporate indulging in willful default or misfeasance will be considered for restructuring under CDR.

8. Circulation of Information of Defaulters - The RBI has put in place a system for periodical circulation of details of willful defaulters of banks and financial institutions. The RBI also publishes a list of borrowers (with outstanding aggregate rupees one crore and above) against whom banks and financial institutions in recovery of funds have filed suits as on 31st March every year. It will serve as a caution list while considering a request for new or additional credit limits from defaulting borrowing units and also from the directors, proprietors and partners of these entities.
9. Recovery Action against Large NPAs - Among the various channels of recovery available to banks for dealing with bad loans, the SARFAESI Act and the Debt Recovery Tribunals (DRTs) have been the most effective in terms of amount recovered. The amount recovered as percentage of amount involved was the highest under the DRTs, followed by SARFAESI Act. The RBI has directed the PSBs to examine all cases of willful default of Rs. One crore and above and file criminal cases against willful defaulters. The board of directors are requested to review NPAs accounts of one crore and above with special reference to fix staff accountability in individually. The increase in level of NPAs and diminishing percentage of recoveries are due to Indian banks having largely followed a lagged cyclical pattern with regard to credit growth. This underlined the pro-cyclical behaviour of the banking system, wherein asset quality can get compromised during periods of high credit growth and this can result in the creation of nonperforming assets for banks in the later years.

10. Credit Information Bureau - The institutionalization of information sharing arrangement is now possible through the newly formed Credit Information Bureau of India Limited (CIBIL). It was set up in January 2001, by SBI, HDFC, and two foreign technology partners. This will prevent those who take advantage of lack of system of information sharing amongst leading institutions to borrow large amount against same assets and property, which has in no measures contributed to the incremental of NPAs of banks.

II. REVIEW OF LITERATURE

Bhatia, (2007), in his research paper, “Non-Performing Assets of Indian Public, Private and Foreign Sector Banks: An Empirical Assessment”, discussed an empirical method to the analyzethe NPAs of private, public and foreign sector banks in India.In his paper he intended to find the fundamental factors which impacted NPAs of banks. According to him, a model comprising of two factors, viz., bank-specific parameters and macroeconomic factors, is developed and the behavior of NPAs in the three categories of banks can observed.

Meenakshi Rajeev,H P Mahesh (2010),conducted a study on banking sector reforms and NPAs in Indian commercial banks. With this research, they intended to examine the trends of NPAs in India from various dimensions and explain how several factors such as immediate recognition and self monitoring have been able to reduce it to a certain extent. The study also analyzed NPAs of India in comparison with other countries, NPAs of Indian banks as per the different sectors and their recovery channels. It was found that NPAsis a contributory factor for crisis in economy and

the root cause of the global financial crisis. It was observed that NPAs in priority sector was comparitively higher than that of the non priority sector due to various reasons such as socio economic objectives of banks.

Ashok Khurana and Mandeep Singh(2010), in their study stated that issue of mounting NPAs is a challenging to public sector banks. The study found that the asset wise classification of PSBs is in right direction and there is significant variation in the recovery of NPAs in the different sector. The research observed that PSBs should not be loaded with the twin object of profitability and social welfare.

Kaur and Saddy(2011), in their research paper entitled "A Comparative Study of Non-Performing Assets of Public and Private Sector Banks" made an attempt to clarify the concept of NPA, the magnitude of NPAs, the factors contributing to NPAs, reasons contributing to high NPAs and its impact on Indian banking operations. Besides this, they have also discussed capital to RWA ratio of Private and Public sector banks, management of credit risk and suggestionsfor controlling the threat of NPAs.

Objectives of the study

1. To understand the various recovery channels used for reducing NPA.
2. To make a comparative study of recovery measures followed by two major banks namely SBI and PNB.

Research methodology

The present study is descriptive, analytical and empirical study. The study is designed to be a narrative study with appropriate analytical discussions presented in tune with the proposed objectives. The study tries to look to what extent NPA measures are followed in banks under study for reducing it.

Time period of the study

In the present study, research data was secondary in nature which is taken from the year 2016-17 to 2020-21.

Data base, Statistical Tools and Techniques

Study is based on secondary data. Information have been collected from annual reports of PNB and SBI, journals, articles, newspapers and relevant government websites. The data obtained has been analyzed using appropriate statistical measures/ techniques like percentages, averages, Standard Deviation. In the present study, Student's t – test was used to determine the significance of difference in recovery measures followed for reducing NPA in PNB and SBI.

Hypothesis of the study

H_{01} : There is no significant difference in following CDR measures between SBI and PNB.

H_{02} : There is no significant difference in following DRM for SME measures between SBI and PNB.

H_{03} : There is no significant difference in following Other ways of measures between SBI and PNB.

Data Analysis

Table 1 - Debt Restructuring Mechanism for CDR, SME and Other Ways of PNB (Rs. in crore except number of cases)

SME	OTHERS			TOTAL		
Provision thereon	No. of Cases	Amount Outstanding	Provision thereon	No. of Cases	Amount Outstanding	Sacrifice
105.73	69	9193.44	942.3	190	19109.8	2263.2
74.18	892	7584.16	392.84	973	12506.3	861.49
63.71	1579	3648.17	126.23	1765	4715.43	215.23
51985.62	7435	530901.68	17661.84	10497	853162.37	71974.81
4778.18	3913	357392.27	18859.58	4424	487038.38	24623.46
62598.1	17579	903115.29	48953.89	21299	1379331.89	118157.94

Table- 2 Debt Restructuring Mechanism for CDR, SME and Other Ways of SBI
(Rs. in crore except number of cases)

	CDR			SME			OTHERS			TOTAL		
Year	No. of Cases	Amount Outstanding	Provision thereon	No. of Cases	Amount Outstanding	Provision thereon	No. of Cases	Amount Outstanding	Provision thereon	No. of Cases	Amount Outstanding	Provision thereon
2016-17	58	9201.92	1215.14	63	714.45	14658	2345	32800.3	445.23	2698	65941.64	1280.82
2017-18	43	4483.98	394.47	38	438.19	160.88	1834	38711.28	336.51	2324	58809.23	638.81
2018-19	7	600.3	25.28	179	466.96	41.84	1484	12747.54	339.7	1895	20562.08	382.49
2019-20	28	225161.62	2327.35	3034	97099.67	24.76	6132	5564.86	278.66	7201	8880.91	304.33
2020-21	6	80393.47	985.69	505	49252.63	28.28	4850	4244.56	343.89	5729	6215.86	373.07
TOTAL	158	320336.8	12440.24	3719	187740.14							

Source : Annual Reports of State Bank of India relevant issues

YEAR	CDR				
	No. of Cases	Amount Outstanding	Provision thereon	No. of Cases	Amount Outstanding
2016-17	100	24825.06	689.01	253	8316.28
2017-18	84	17077.9	141.43	406	3020.05
2018-19	57	7038.67	0.96	354	775.88
2019-20	32	2432.78	0.91	1037	883.27
2020-21	22	1398.04	0.91	857	573.27

Table – 3
Comparative Position of Debt Restructuring Mechanism of PNB
(Rs. in crores except number of cases)

Particulars	CDR	% of CDR to Total	SME	% of SME to Total	Others	% of Others to Total	Total
Cases	158	0.74	3719	17.46	17579	82.53	21299.00
Amount Outstanding	32037	2.32	187740.1	13.61	903115.3	65.47	1379331.89
Provision thereon	12440.2	10.53	62598.1	52.98	48953.9	41.43	118157.94

Source: based on author's calculations

Table shows that contribution of others (82.53%) in terms of number of cases was more than CDR and SME (0.74% and 17.46 %) as well as in the terms of amount outstanding (65.47%) in PNB.

Table – 4
Comparative Position of Debt Restructuring Mechanism of SBI
(Rs. in crores except number of cases)

Particulars	CDR	% of CDR to Total	SME	% of SME to Total	Others	% of Others to Total	Total
Cases	295	1.49	2907	14.65	16645	83.87	19847
Amount Outstanding	52772.5	32.90	13568.75	8.46	94068.5	58.64	160409.7
Provision thereon	833.22	4.76	14914	85.27	1744	9.97	17491.22

Source: Based on author's calculations

Table shows that contribution of others ways in recovering NPA (82.53%) in terms of number of cases was more as compared to CDR and SME (1.49% and 14.65 %) as well as in the terms of amount outstanding (83.87%) in SBI.

Table -5 Group Statistics

Particulars	Banks	N	Mean	Std. Deviation	Std. Error Mean
Percentage of CDR cases to Total	PNB	5	7.1520	13.19199	5.89964
	SBI	5	14.9780	3.59120	1.60603
Percentage of SME cases to Total	PNB	5	17.5060	12.75754	5.70535
	SBI	5	14.9780	3.59120	1.60603
Percentage of Others cases to Total	PNB	5	75.3480	23.35135	10.44304
	SBI	5	82.7920	3.91058	1.74887
Percentage of CDR Amt Outstanding to Total	PNB	5	19.0640	22.14920	9.90542
	SBI	5	30.1600	5.92497	2.64973
Percentage of SME Amt Outstanding to Total	PNB	5	7.7100	3.81412	1.70573
	SBI	5	8.1380	3.62354	1.62050
Percentage of Other ways Amt Outstanding to Total	PNB	5	64.5300	11.47732	5.13281
	SBI	5	61.7040	7.15084	3.19795

Recovery of NPA by CDR

H_{01}: There is no significant difference in following CDR measures between SBI and PNB.

Table -6 Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Percentage of CDR cases to Total	Equal variances assumed	3.377	.103	-1.280	8	.236	-7.82600	6.11433	-21.9256	6.27368
	Equal variances not assumed			-1.280	4.59	.261	-7.82600	6.11433	-23.9756	8.32365
Percentage of CDR Amt Outstanding to Total	Equal variances assumed	21.19	.002	-1.082	8	.311	-11.09600	10.25370	-34.7410	12.54908
	Equal variances not assumed			-1.082	4.57	.333	-11.0960	10.2537	-38.2186	16.0266

Hypothesis 1 tests whether there is significant difference between SBI and PNB in following recovery measure through CDR. T test results signifies that difference of Percentage of CDR cases to Total Cases between the selected banks are not significant. Since Levene's Statistic shows that homogeneity of variances (.103 > .05) is not significant therefore equal variances was assumed. As a result of t test, there is no significant difference between the banks in terms of number of CDR cases.

In case of percentage of amount outstanding to total, Levene's Statistic shows that homogeneity of variances (.002 < .05) is significant therefore equal variances was not assumed. T test showed that there is no significant difference in amount outstanding for CDR between the banks under study. The mean difference were not significant at .05 level (as $t_{4.57}$ = 0.333 > .05).

Recovery of NPA by SME

H_{02} : There is no significant difference in following DRM for SME measures between SBI and PNB.

Table- 7 Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Percentage of SME cases to Total	Equal variances assumed	16.06	.004	.427	8	.681	2.52800	5.92708	-11.1398	16.1958
	Equal variances not assumed			.427	4.63	.689	2.52800	5.92708	-13.0816	18.1376

Percentage of SME Amt Outstanding to Total	Equal variances assumed	.201	.666	-.182	8	.860	-.42800	2.35277	-5.85349	4.99749
	Equal variances not assumed			-.182	7.98	.860	-.42800	2.35277	-5.85597	4.99997

Hypothesis 2 tests whether there is significant difference between SBI and PNB in following recovery measure for SME. T test result signifies that differences of Percentage of SME cases to Total Cases between the selected banks are not significant. Since Levene's Statistic shows that homogeneity of variances (.004< .05) is significant therefore equal variances was not assumed. As a result of t test, there is no significant difference between the banks in terms of number of SME cases. The mean difference were not significant at .05 level (as $t_{4.63} = 0.689 > .05$).

In case of percentage of amount outstanding to total, Levene's Statistic shows that homogeneity of variances (.666 < .05) is not significant therefore equal variances was assumed. T test showed that there is no significant difference in amount outstanding for SME between the banks under study. The mean difference were not significant at .05 level (as $t_8 = 0.86 > .05$).

Recovery of NPA by Other Ways

H_{03} : There is no significant difference in following Other ways of measures between SBI and PNB.

Table -8 Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Percentage of Others cases to Total	Equal variances assumed	5.920	.041	-.703	8	.502	-7.44400	10.5884	-31.8610	16.9730
	Equal variances not assumed			-.703	4.22	.519	-7.44400	10.5884	-36.2370	21.3490
Percentage of Others Amt Outstanding to Total	Equal variances assumed	1.258	.295	.467	8	.653	2.82600	6.04753	-11.1196	16.7716
	Equal variances not assumed			.467	6.70	.655	2.82600	6.04753	-11.605	17.2575

Hypothesis 3 tests whether there is significant difference between SBI and PNB in following recovery measure by other ways. T test result signifies that differences of Percentage of cases of other ways to Total Cases between the selected banks are not significant. Since Levene's Statistic shows that homogeneity of variances (.041< .05) is significant therefore equal variances was not assumed. As a result of t test, there is no significant difference between the banks in terms of number of cases from other ways. The mean difference were not significant at .05 level (as $t_{4.22} = 0.519 > .05$).

In case of percentage of amount outstanding to total, Levene's Statistic shows that homogeneity of variances (.295 > .05) is not significant therefore equal

variances was assumed. T test showed that there is no significant difference in amount outstanding for Other ways between the banks under study. The mean difference were not significant at .05 level (as t_8 = 0.653 > .05).

Overall t test result signifies that measures followed for reducing NPA by CDR, SME and Other ways by the banks under study are not significantly different.

III. CONCLUSION

The NPAs is the major concern for all the Public and Private Sector Banks in India. The measures required to be undertaken are twin fold; one to avoid new addition to NPAs and second, to recover the NPA accounts. From the analysis, it is found that there is no significant difference in recovery measures followed by the banks under study. All PSBs have to head off their traditional lending pattern. They are required to follow the better practices at the time of sanctioning of loan and proper follow ups should be taken after sanctioning of the loan. Proper care should be taken at the time of appraisal of Loan application. Monitoring of account is important along with good credit risk management. Supervision of the borrower's accounts should be done by personal visits and periodic returns should be called for emergent warning sign of default. Although on the basis of analysis, it is observed that the recovery measures are better followed in the banks under study but still there is a need to restructure/ recover NPA through various recovery measures. Such as Repayment schedule of term loan should be fixed in consultation with the borrower according to income generating capacity when it is anticipated to get the due payment after it. The Debt Recovery Tribunal mechanism for recovery of debts should also be strengthened with necessary manpower.

Hence, it is the high time for the banks to take solemn steps to curb NPA. If the banks do not take effective measures even now, the condition of NPA will turn out to be hazardous for the economy as the problem of NPA is related to supply of money and its circulation. So, the role of banking sector is of immense significance to make India more prosperous and self reliant.

REFERENCES

[1] Bhatia, "Non-Performing Assets of Indian Public, Private and Foreign Sector Banks:An Empirical Assessment ", ICFAI Journal of Bank Management, Vol. 6, No. 3, 2007, pp. 7-28.

[2] Meenakshi Rajeev and H P Mahesh, "Banking sector reforms and NPA: a study of Indian commercial banks", working paper 252, Institute for social change and economic change, Bangalore, ISBN 978-81-7791-108-4,,2010.

[3] Ashok Khurana and Dr.Mandeep singh, "A management: A study of new private Sector Banks in India", Indian Journal of Finance, September 2010, pp. 174-185.

[4] Kaur, H., and Saddy, N. K. (2011). A Comparative Study of Non-Performing Assets of Public and Private Sector Banks. International Journal of Research in Commerce & Management, 2(9), 82-89

[5] Renu Jatana , " Impact of NPA on Profitability of Banks" , an article published in Indian Journal of Accounting , Vol. XXXIX (2) June 2009.

[6] Malyadri, P., & Sirisha, S. (2011). A Comparative Study of Non-Performing Assets in Indian Banking Industry. International Journal of Economic Practices and Theories, 1(2), 77-87

[7] www.rbi.org

[8] Annual reports of PNB various issues

[9] Annual reports of SBI various issues

[10] Report on Trends and Progress of India various issues

[11] https://ijcrt.org/papers/IJCRT2205021.pdf

[12] https://www.researchgate.net/publication/342338531_Impact_of_non-performing_assets_on_return_on_assets_of_public_and_private_sector_banks_in_India"

[13] https://www.researchgate.net/publication/352118827_Comparative_Study_of_Non_-Performing_Assets_NPAs_in_selected_Public_Sector_Banks_and_Private_Sector_Banks_in_India