

Analyzing the Impact of Non-Performing Assets on Financial Stability in Indian Public Sector Banks

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Abstract: *The increasing quantity of non-performing assets (NPAs) in the banking sector might have a variety of detrimental effects on the economy. A poor investment climate may be inferred from the financial and economic decline brought on by inadequate management of non-performing assets (NPAs). In the framework of the Reserve Bank of India's stringent regulatory framework, this study focuses on recovery processes and other bank-specific indicators. It also examines the management of non-performing assets from the viewpoint of Indian public sector banks that are subject to stringent asset classification regulations. Additionally, it utilizes state-of-the-art technical platforms built on the Core Banking Solution (CBS). Because it increases the demand for reserves for dubious debt and lowers the margin, nonperforming assets (NPA) pose a serious obstacle to evaluating a bank's financial performance. Numerous banks from different categories work together to lend money to a range of businesses, such as the public sector, priority sector, agricultural, SSI, and others. These developments need pre-sanctioning evaluation and post-disbursement supervision in order to contain the rising non-performing assets (NPAs) in the Indian banking sector. Banks must decrease non-performing assets (NPAs) in order to boost profitability and satisfy Basel Accord capital adequacy standards. There is now a thorough framework for handling non-performing assets (NPAs) that offers a variety of options for debt collection and restructuring. Through an analysis of the banks' financial performance relative to key performance indicators and their management of non-performing assets in light of the Reserve Bank of India's new policy initiatives and regulatory compliance, this study tracks the movement of non-performing assets (NPAs) in Indian public sector banks.*

Keywords: Indian Public Sector Banks, Non-Performing Assets, Analytical Study, Financial Distress, Bad Loans, Banking Sector Challenges

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