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Study on impact of Non-Performing Assets on Commercial Bank

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Abstract: *Non-Performing Assets (NPAs) are loans or advances issued by banks or financial institutions that ceases to bring in money for the lender because the borrower is no longer making payments of both principal and interest of the loan for at least 90 days. "A bank assets becomes non-performing when it stops generating income for the bank," said RBI in a circular form 2007. A debt that has been past due and unpaid for a predetermined period (90 days) is known as a non-performing asset (NPA). Bank's income and profitability fall when the percentage of NPAs in a bank's loan portfolio rise also its capacity to lend falls, and the possibility of loan defaults and write-offs rises. To aware and to overcome with the problem, the government and the Reserve Bank of India have introduced various schemes, policies and methods to manage and cut the share of non-performing assets (NPAs) in the banking sector.*

Keywords: Non-Performing Assets, loan Defaults, financial institutions.