



An Analytical Study of Non-Performing Assets NPA in Various Sector - In the Context of 'Bad Bank'

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ABSTRACT

The banking sector plays a very crucial role in the development of the Indian economy, and with their support, our system runs well. Therefore, the stability of the banking system is very important. The growing non-performing assets of the banking sector over the past few years have become a problem for the system and the economy. The concept of bad banks was introduced as a solution, which would help stimulate the economy and clean up toxic assets from banks' balance sheets. This analytical study is mainly about the comparison of the data of 4 banks Schelude Commercial Banks, Private Banks, Public Banks, and Foreign Banks for the years from 2011 to 2021. The data is secondary in nature and the data has been analyzed using the Trend analysis technique. As per the findings Scheduled Commercial Banks have had more NPAs over the past few years as compared to other banks. With the help of Bad Bank, commercial banks can improve their profitability and focus more on customer service. So bad bank will be considered as a good initiative.

KEYWORDS

Non-performing assets, Toxic assets, Bad loans, Bad debts, Bad Bank, AMC.

INTRODUCTION

The laggardly growing problem of bad loans has been challenging for erstwhile Indian banks. Due to the adverse effects of the global pandemic (COVID-19), economic activities slowed down but on the other hand, the worst impact

of the period of covid 19 has been on Indian banks. According to the Reserve Bank of India's Financial Stability Report, the ratio of NPAs in the banking sector was predicted to rise from 7.5% to 13.5% in 2020. The K.V. Kamath Committee's investigation indicates that the Indian business sector was under stress following COVID-19 because of a debt of 15.52 lakh crores, even though the sector's debt was already 22.20 lakh crores before the epidemic. The recession had the most negative impact on the banking and financial sector so when the bad debt of the banks began to exceed the management limits of the banks, a separate bank was established as a solution to the problem of bank's activities which came to be known as the "Bad Bank". In a nutshell, a bank that will not carry out bank activities but will deal with bad loans/NPAs with the corporation of NARCL and IDRCL. The present paper will scrutinize the concept of a Bad Bank, its framework, pros-cons, and challenges, and will shed light on the NPA's status of banks in various sectors in India.

FOREMOST TERMS

Toxic Asset: A toxic asset is an asset whose most guaranteed value has been lost, and market demand has collapsed. There are no buyers in the market who offer a satisfactory price, so selling such properties is not only difficult but almost impossible. When the market stops operating based on such a situation, it is referred to as 'Frozen'. Assets against liabilities are also offset in banks and financial institutions and frequent leverages reduce the cost and this reduction proves to be dangerous for the holder hence such assets are marked as ornately "troubled assets". The toxic asset term floated during the 2007-08 financial crisis.

Bad Loans/Bad Debts: If the borrower does not repay the loan installment or interest even after 90 days have elapsed on the loan given by the banks it is also known as bad debt. In short, a non-repayable loan is a bad loan.

NPA: Non-performing assets means loans referred to by borrowers in terms of late repayment or almost impossibility of repayment. This is one of the factors that has reduced the profitability of the banking sector. Such challenges in the banking sector cause banks to stop lending and as a result, economic growth slows down.

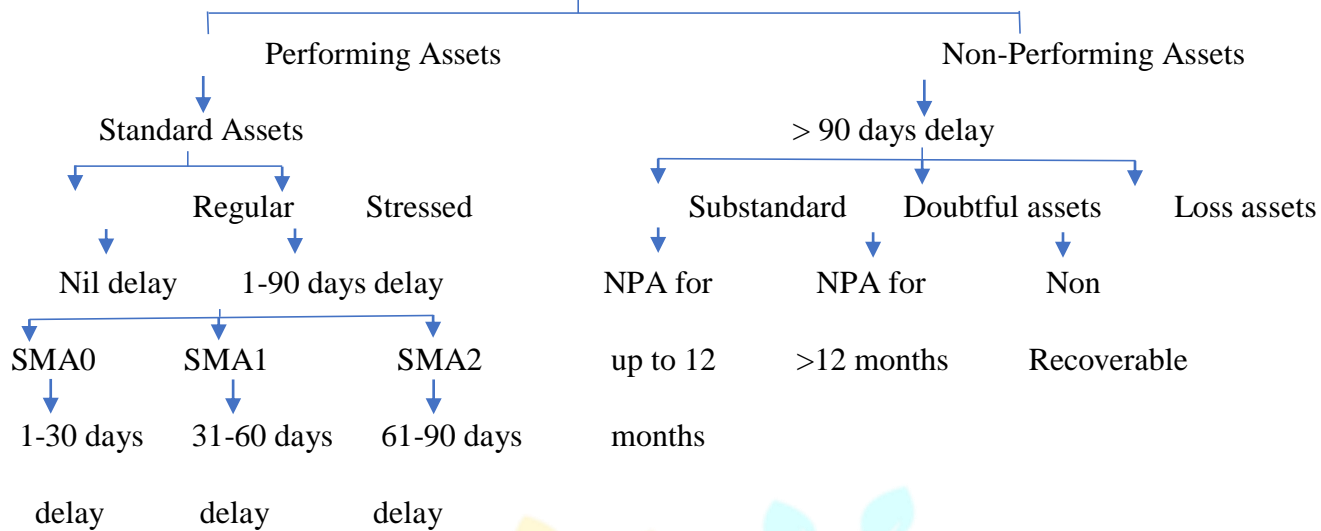
Bad Bank: "A Bad Bank is a commercial structure which detaches illiquid and perilous assets held by a bank of the financial organization or perhaps a group of banks or financial organization."

OVERVIEW OF NPA

When the borrowers fail to pay within their stipulated time limit, it is termed as NPA as per the fixed day rule and the bank has to go into liquidation as a result of bad loans.

[Classification of assets based on loans/advances given by banks/FIs.](#)

Assets for Banks



(SMA= special mention accounts)

The RBI published its 24th financial stability report for FY 2020-21. Which presents the collective assessment of the FSDC on risks to financial stability and financial resilience. The NPA of SCBs of India remained at 6.9 till the end of September 2021. According to the stress test, the gross NPA ratio of SCBs will increase to 8.1% under the baseline scenario by September 2022 and is likely to rise to 9.5 in severe stress conditions. Within the bank groups, public sector banks' GNPA ratio of 8.8% in September 2021 may retrogress to 10.5% by September 2022 under the baseline scenario. In the case of NPAs, the rating firm CRISIL estimates that NPAs were below Rs 10 lakh crore before Covid but due to the epidemic, its value is expected to cross Rs 11 lakh crore by the end of 2021. To dispose of NPAs in the banking system and improve the balance sheets of banks, Finance Minister Nirmala Sitharaman announced the establishment of a bank in the budget for the financial year 2021-22 in which debt settlement will be done in collaboration with NARCL and IDRCL. In which the government will allot Rs 30,600 crore fully guaranteed SRs to NARCL. Which will buy toxic assets worth Rs 2 lakh crore from banks.

LITERATURE REVIEW

Sr. no	Authors and years	Title	Central thoughts
1	Vijayakumar, A.B. ET.al (2021)	An Outline of Bad Banks in India	The present study was conducted to get an in-depth knowledge of the concept of a bad bank and its success history. Understanding the outline of this concept in the context of India also sheds light on some of the strengths and weaknesses and the challenges that come with setting up a bad bank in India. According to his findings, the concept seems less attractive as there are already many asset recovery companies in India to evaluate non-performing assets and it will also increase the cost to banks, so the bad bank structure for the banking sector is likely to be complicated.
2	Grover P, (2021)	BAD BANK: A GOOD ALTERNATIVE MECHANISM FOR RESOLUTION OF THE STRESSED ASSETS	The main objective of the study was to understand the concept of a bad bank and to know what would be useful for the implementation of the 3-tier bank proposed by IBA. This study is mainly conceptual and analytical as it compares the growth in India during the financial year 2018-19 to 2020 and the recovery made by SCBs in its proportion. It has been stated that the concept of a bank is essential for India to curb the possibility of further growth in the bank from covid 19. And the benefits and challenges of the bank are shown in the context of the Indian economy. According to him, with the good efforts of the government, management, and the support of the RBI, the big problem of NPAs can be solved.

3	Kumar, S. ET.al (2022)	BAD BANKS AND THE RECAPITALIZATION OF THE BANKING SECTOR	<p>The purpose of this study is to measure the impact of recapitalization on financial institutions. This study mainly focuses on the toxic assets of financial institutions and their rules regarding bad banks in certain financial crises. Factors required for the establishment of a bad bank such as its structure, rights, capitalization, and pricing of non-performing assets are discussed. Using secondary data from various published sources, it has been measured whether bad bank capitalization has a positive effect on the profitability of regular banks. Studies from across the country have shown that Finland ranks first in terms of government support for the banking system, followed by India at 52nd. According to him, bad banks should be set up with a well-organized financial structure and adequate government control and support for the good performance of banks.</p>
4	Öncü, 2017	Bad bank proposal for India: A partial jubilee financed by zero coupon perpetual bonds	<p>In his work, he has drawn attention to two models to solve the problem of non-working assets in India. The first is that the government can raise money for a bad bank by issuing zero coupon bonds and the second by setting up two types of recovery agencies such as PAMC and NAMC. Based on both models, some suggestions have been made to set up a bad bank in India such as the government will promote the bank by issuing zero coupon bonds, RBI will play a supporting role and private and public banks will swap through additional reserves. Finally, it said that interest rates could also be obtained at market rates on RBI's reserves, which would make it easier to manage inflation.</p>
5	Gupta, M C. ET.al. (2022)	BAD BANK- A WORKABLE SUPERSTRUCTURE ON AN	<p>This study highlights the growing ratio of NPAs in India and its causes. And reveals ideas on the inefficient structure of bad banks in India. It discusses the structural shortcomings and inadequacies of the ARC set up years ago, the views of former RBI</p>

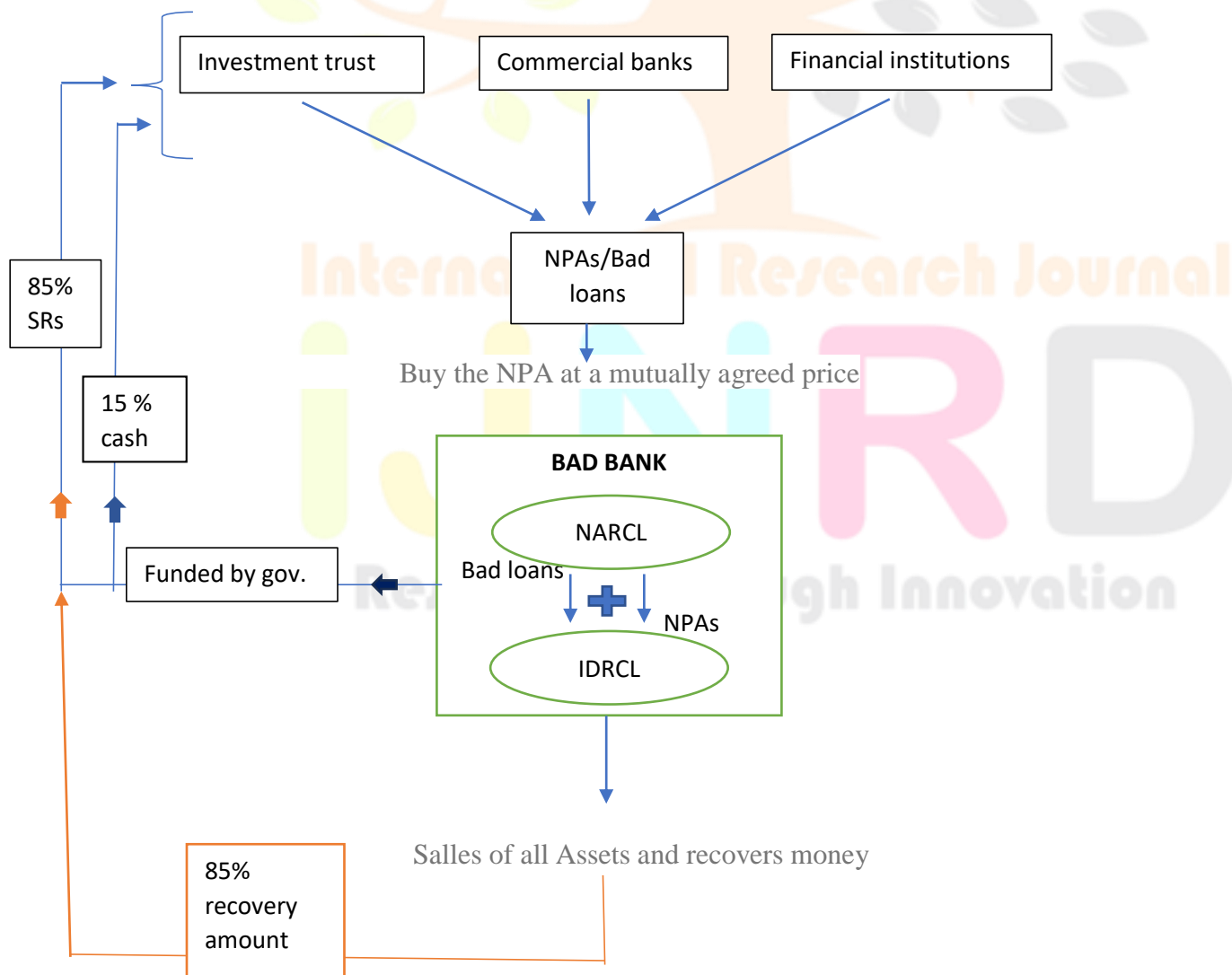
		UNWORKABLE INFRASTRUCTURE?	Governor Raghuram Rajan, and the fact that new infrastructure would not be appropriate to the failed structure of the past. According to him, the problem of NPA can be solved by revising the old structure, improving the lending policy, strictly enforcing corporate law, and improving the IBC channel. In the study, he concluded that radical structural reforms are needed in older systems rather than new ones or weak ones.
6	Pinedo, A. ET.al. (2009)	Good Bank-Bad Bank: A Clean Break and A Fresh Start	In this research, the author presents the model of good bank-bad bank structure and its favor in the essence of toxic assets. The modality of banks has emphasized the role of financial institutions providing responsible large loans. It is described that the transfer of toxic assets to a bad bank is probable to increase the credit rating, as well as on the other hand the fulfillment of capitalization of the bad bank is also required. In addition, the preference of assets, their valuation, management, and the hybrid proposal of a bad bank are discussed in detail. The main gist of the present paper is on the property guarantee program and its conditions that work to guarantee high-risk troubled assets faced by financial institutions.
7	Dr. Sontakke. R. ET.al (2013)	Trend Analysis of Non-Performing Assets in Scheduled Commercial Banks in India	This study was mainly done to understand the structure of NPAs in the Indian banking sector. Gross and Net NPAs were calculated from secondary data from 2008 to 2012 of commercial banks listed in the Second Schedule of RBI Act 1934. Using trend analysis in the research, the author describes some steps to manage NPAs in which timely follow-up of customers, credit approval, and disbursement performance should be checked especially if managers under credit monetary and recovery departments are dynamic in their work. At the end of the study, it is concluded that the problem of increasing NPAs in commercial banks adversely affects the profitability

			<p>and economy of the banks as the banks cannot earn any profit on such accounts rather the banks incur an increase in funding cost and provisions. Further, NPAs are common in the banking business but the adverse impact on the bank's profitability can be prevented, if necessary, steps are taken</p>
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CONCEPT OF BAD BANK

A bad bank is not a bank that does banking activities like normal banks. A bad bank is an institution that seeks to recover non-performing assets accumulated by banks and financial institutions and to recover money by selling NPAs. In a real sense, the bank is made up of 2 terms. One is NARCL which will buy non-performing assets from banks, investment trust companies, and financial institutions and transfer them to IRDL, On the other hand, IRDL will raise money by selling such acquired assets and the amount will be returned to finance banks, and investment trusts, financial institutions in the ratio of **15:85**. The concept of Bad Bank will be a backbone in the growth of the economy.

Structure of Bad Bank



According to the above structure, if bad assets are sold at a high price, the bad bank is expected to get a profit. Although making a profit is not the purpose of a bad bank but a bad bank is good in many ways.

OBJECTIVE OF THE STUDY

- To record the NPA status of various banks in India.
- To understand the concept of a Bad Bank.

RESEARCH METHODOLOGY

The study is analytical and exploratory in nature. The study is based on secondary data, collected through various articles, websites, RBI bulletin, and reports. This paper uses Trend Analysis techniques to compare and analyze non-performing assets of the Indian banking system in which, four sectors of banks-Scheduled Commercial Banks, Private Sector Banks, Public Sector Banks, and Foreign Banks are included. For trend analysis, the statistics of 10 years i.e., 2011 to 2021 have been taken into consideration, between specific sectors of the Indian banking system.

SITUATION OF NPA IN INDIA

- Data from the RBI shows that the quality and condition of assets of commercial banks have deteriorated in recent years due to NPAs in the infrastructure sector and industry.
- In July 2020, the Governor of the Reserve Bank of India, Shaktikant Das, stated that the NPAs related to infrastructure loans of banks are at the highest level. According to the RBI, public sector banks account for about 86 to 90 percent of the total NPAs of all banks.
- It is valued at about Rs 4 lakh crore (~ US \$ 61.5 billion). According to a statistic, SBI topped the list of gross NPAs with a gross NPA of Rs 1.21 lakh crore in FY 2020-21, followed by PNB with a gross NPA of Rs 98,484 crore.
- According to data from the RBI, the gross NPA in SCBs fell from 1036187 crore to 835051 crore.
- But the public sector bank has a total NPA of 6.17 trillion Indian rupees during 2021.

Gross Non-performing Asset value of public sector Bank in India
from the financial year 2018-2021

Year	Value in trillion Indian rupees
2018	8.96
2019	6.40
2020	6.78
2021	6.17

From the above brief overview, there is a need to identify and compare the exact NPA situation of the various banks in India. Thus, the purpose of this paper is to evaluate the banks keeping in mind the concept of Bad Bank.

COMPARISON OF VARIOUS BANK'S NON-PERFORMING ASSETS

The information given below shows the Gross and Net NPA percentage of Advances in the last 10 years (e.g. 2011 to 2021) of various 4 Banks viz. Scheduled Commercial Bank, Private Sector Bank, Public Sector Bank, and Foreign Bank- Also Net Asset Ratio and Net NPA Ratio Its complete details are described.

Scheduled Commercial Banks:										
Year	Gross advance	Gross NPA	Gross %	Gross trend analysis %	Net advance	Net NPA	NET %	NET trend analysis %	Net Assets	As % of total assets
2011-12	5158878	142903	2.77	100%	5073559	65205	1.29	100%	8150625	0.8
2012-13	5988277	194053	3.24	135%	5879773	98693	1.68	151%	9869300	1
1013-14	6875748	263362	3.83	184%	6735213	142421	2.11	218%	10955461	1.3
2014-15	7559760	323335	4.28	226%	7388160	175841	2.38	269%	117227333	1.5
2015-16	8173121	611947	7.49	428%	7896467	349814	4.43	536%	12956074	2.7
2016-17	8492565	791791	9.32	554%	8116109	433121	5.34	664%	13971645	3.1
2017-18	9266210	1039679	11.22	727%	8745997	520838	5.96	798%	15318765	3.4
2018-19	10294463	936474	9.1	655%	9676183	355068	3.67	544%	16908000	2.1
2019-20	10918918	899803	8.24	629%	10301897	289370	2.81	443%	18085625	1.6
2020-21	11399608	837771	7.33	586%	10820208	258228	2.4	396%	19863692	1.3

Source: <https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=21152>

The presented table shows the figures of gross and net NPA of Schedule Commercial Bank for the last 10 years i.e., from 2011 to 2021. In which the percentage of NPA in proportion to gross and net advances has been found as per the formula below.

$$\text{Gross percentage} = \frac{\text{Gross Non performing Assets}}{\text{Gross Advance}} \times 100$$

$$\text{Net percentage} = \frac{\text{Net Non performing Assets}}{\text{Net Advance}} \times 100$$

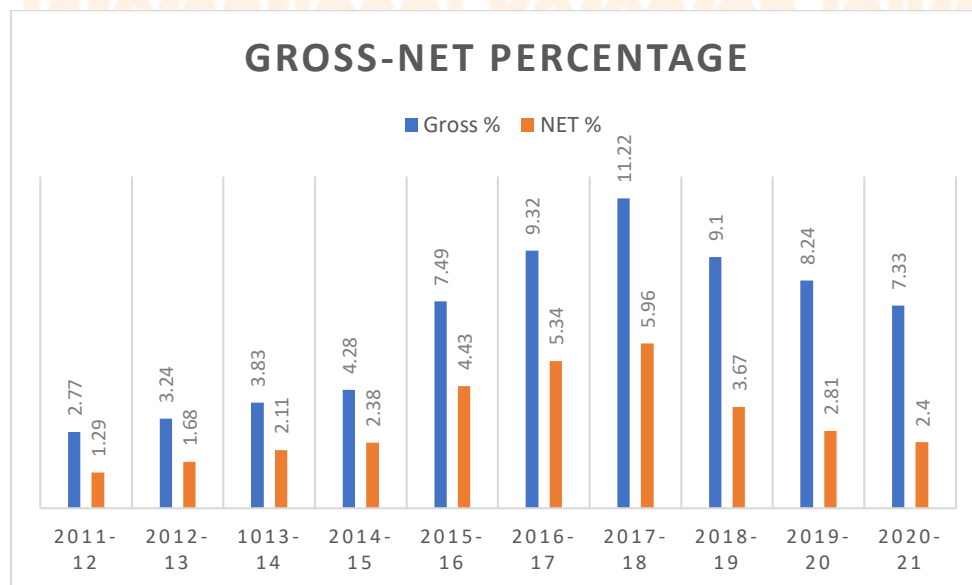
Here trend analysis technique has been used to show the percentage fluctuation of NPA. 2011-12 years have been considered as the basis and the percentage of remaining years has been calculated.

$$\text{Gross Trend Analysis \%} = \frac{\text{Current year's gross NPA amount}}{\text{Base year's gross NPA amount}} \times 100$$

$$\text{Net Trend Analysis \%} = \frac{\text{Current year's Net NPA amount}}{\text{Base year's Net NPA amount}} \times 100$$

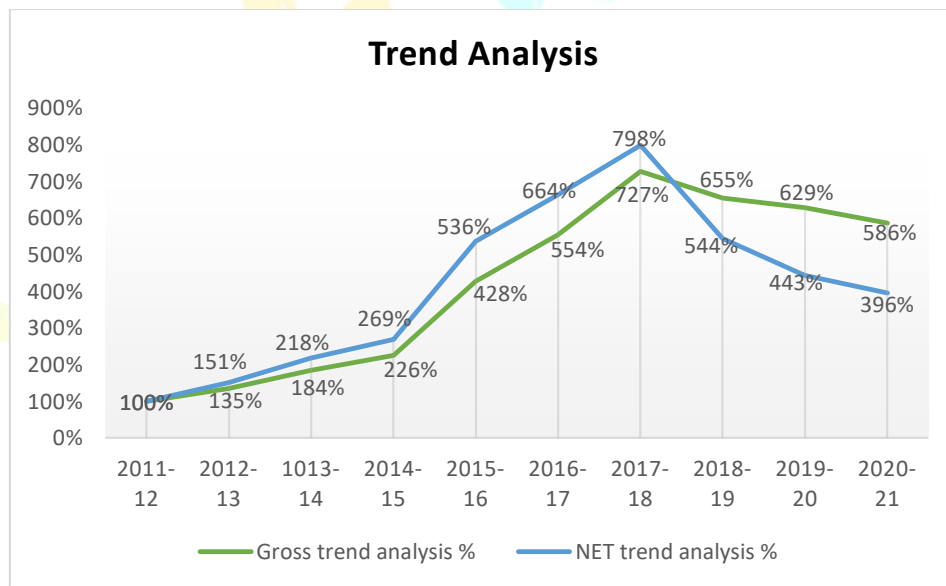
Based on the figures of net NPAs and net assets, the percentage of total NPAs in proportion to net assets is found.

$$\text{Percentage of total Assets} = \frac{\text{Net NPA}}{\text{Net Assets}} \times 100$$

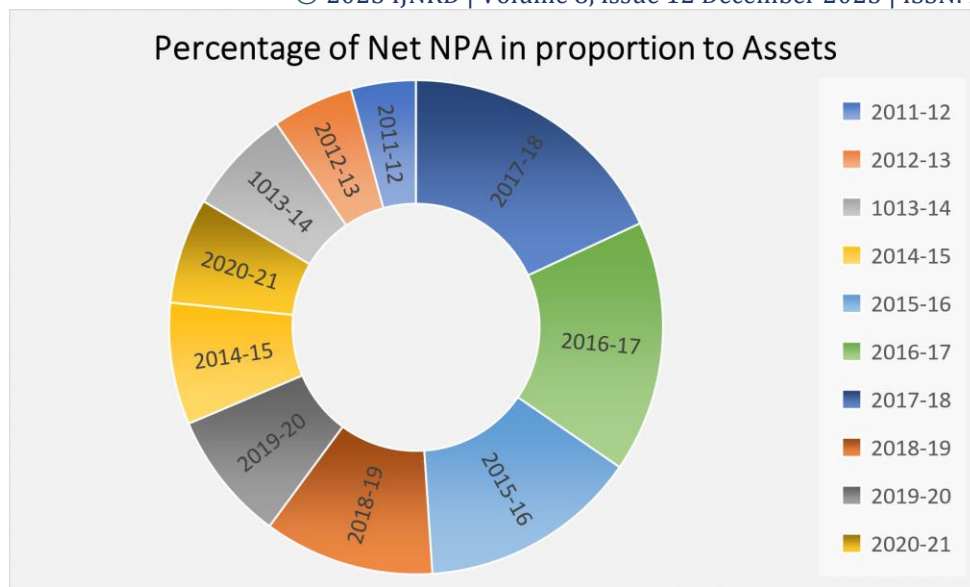


Here the bar graph shows the percentage of net NPA compared to the gross NPA percentage of scheduled banks from FY 2010-11 to 2019-20 which the year is shown on the X-axis line and the percentage on the Y-axis line.

Here is seen that the Gross NPA in the year 2011-12 is 2.77%. For the next three years i.e. till 2014-15, the percentage has been slightly increasing. But in the next three years, there is the fastest growth noted. In 2017-18 the percentage of gross NPA had the highest boom of all years which is 11.22 % and in the last three years, the percentage level of gross NPA has been slightly lower as compared to 2017-18 which is 9.1, 8.24 and 7.33% Sequentially. But from the bar graph, the Net NPA ratio has been lower compared to the gross NPA but has doubled since the beginning. Because the figure has been increasing with only marginal change from FY 2011-12 to 2015-16. Like 1.29, 1.68, 2.11, 2.38, 4.43. Only the years 2016-17 to 2017-18 saw a jump in the figures, Also in 2017-18, the figure has become the highest i.e. 5.96. Finally, for the last three years, this figure has achieved stability which has come down from 5.96 to 3.67 and 2.81 and 2.40 in 2019-20 and 2020-21 respectively.



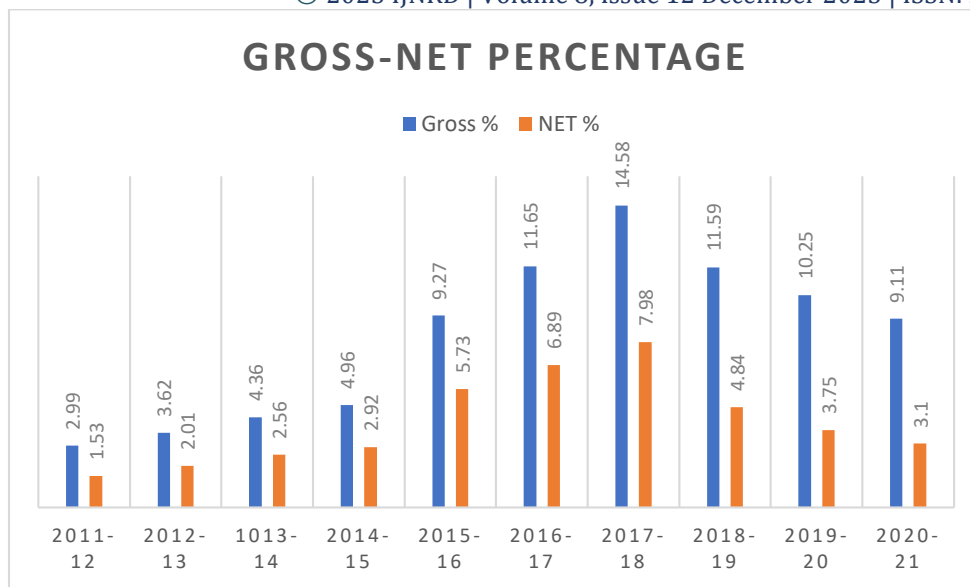
The above trend chart shows that the ratio of gross and net NPAs has been increasing continuously as compared to the base year 2011-12. Only in the last three years has there been a significant decline and the highest figure of gross and net trend is recorded in the financial year 2017-18 which is 727 percent and 798 percent respectively. Which is about the seventh time more than the base year. Net NPAs have more declined than gross NPAs in the last year 2020-21 which are around 586 % to 396%.



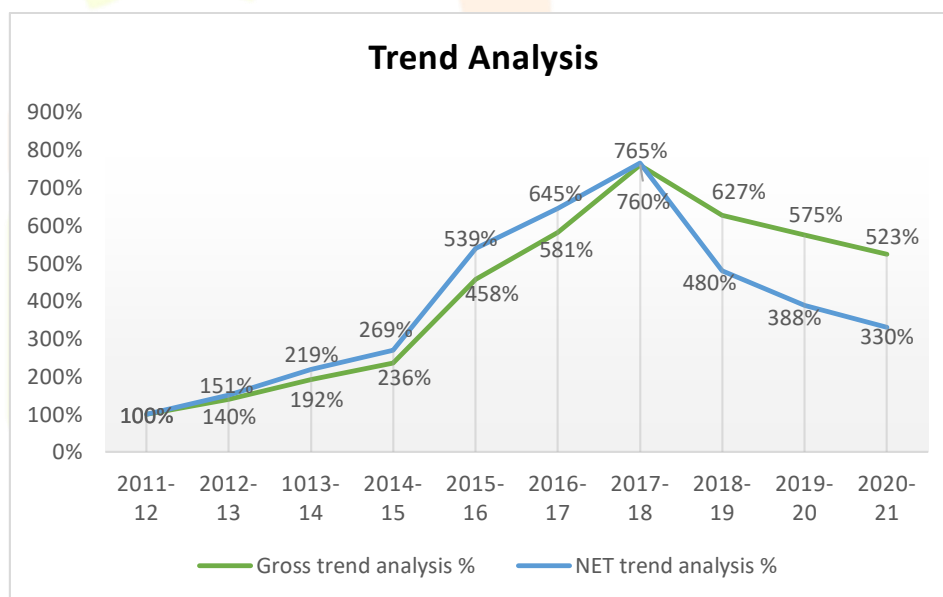
The presented donut chart illustrates the percentage of net NPAs incurred by a scheduled bank about net assets in different years. There has also been an increase every year, especially in 2017-18 this percentage has increased more than four times from the base year 2011-12. But in the last two years i.e. from 2019 to 2021, it has marginally decreased from the previous year.

Public Sector Banks:

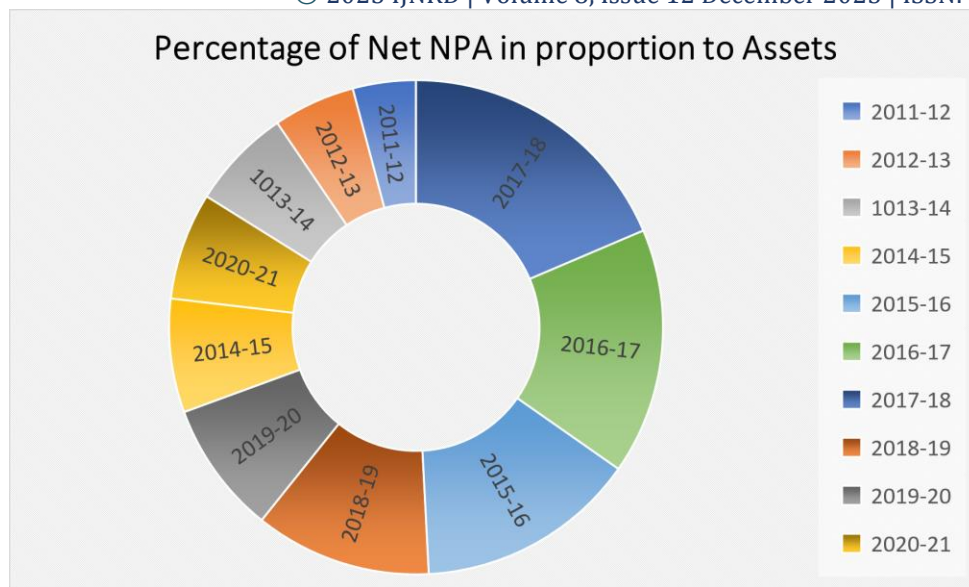
Year	Gross advance	Gross NPA	Gross %	Gross trend analysis %	Net advance	Net NPA	NET %	NET trend analysis %	Net Assets	As % of total assets
2011-12	3942732	117839	2.99	100%	3877308	59391	1.53	100%	5939100	1
2012-13	4560169	165006	3.62	140%	4472845	90037	2.01	151%	6925923	1.3
1013-14	5215920	227264	4.36	192%	5101137	130394	2.56	219%	8149625	1.6
2014-15	5615793	278468	4.96	236%	5476250	159951	2.92	269%	8886167	1.8
2015-16	5823907	539956	9.27	458%	5593577	320376	5.73	539%	9153600	3.5
2016-17	5874849	684732	11.65	581%	5557232	383089	6.89	645%	9822795	3.9
2017-18	6141698	895601	14.58	760%	5697350	454473	7.98	765%	10099400	4.5
2018-19	6382461	739541	11.59	627%	5892667	285122	4.84	480%	10182928	2.8
2019-20	6615112	678317	10.25	575%	6158112	230918	3.75	388%	10996095	2.1
2020-21	6770363	616616	9.11	523%	6348758	196451	3.1	330%	11555941	1.7



The above bar graph shows that the NET NPA ratio has become almost half of the Gross NPA every year. As of 2011-12, gross NPA is 2.99% while net NPA is 1.53%. But in 2015-16 the increase in both gross and net NPAs has been higher than in other years. From 2011-12 to 2017-18 this sequence of continuous increase in gross and net NPAs has been maintained. 2017-18 had the highest NPA of all years, which was 14.58% (Gross NPA) and 7.98% (Net NPA). However, there has been a steady decline over the subsequent three years.



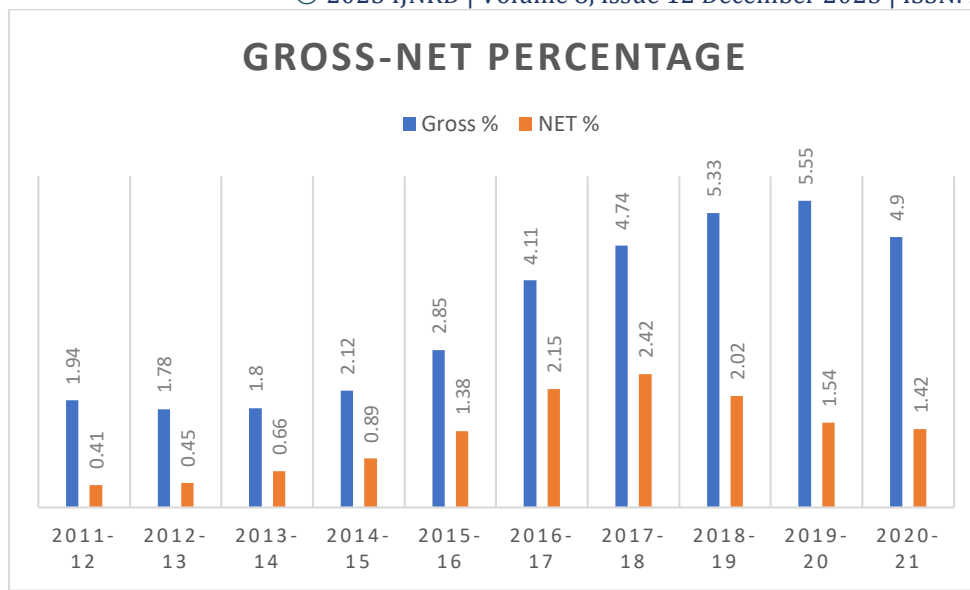
Here the trend chart shows that gross and net NPAs have increased hand in hand compared to the base year 2011-12. There is a bounce in the year 2015-16 in which the gross and net NPA have been respectively 458 percent and 539 percent. In the financial year 2016-17, the gross and net NPA became seven times more as compared to the base year and highest than any other year. Then the Gross and NET NPA came to their decline stages.



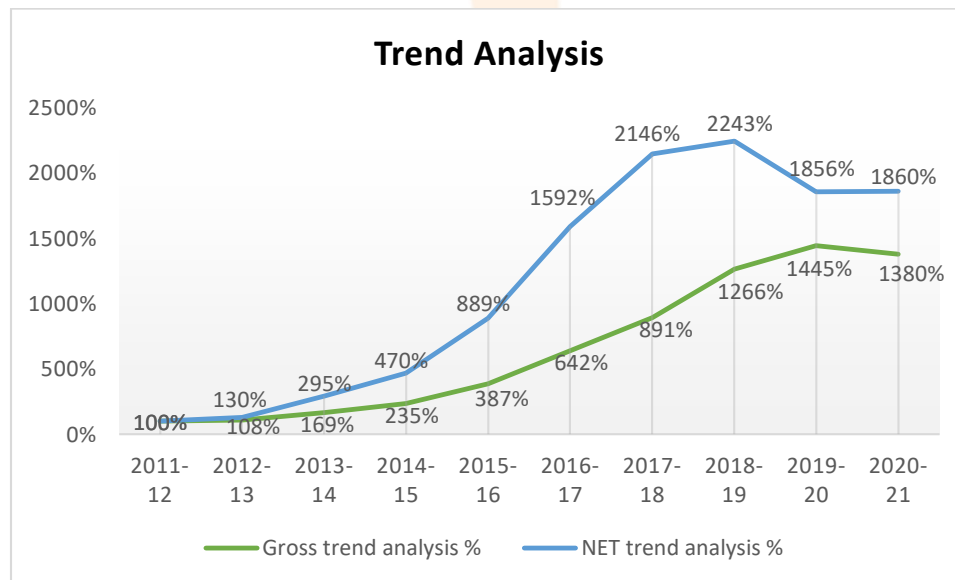
The above donut chart clearly shows that the net NPA as a proportion of net assets for the year 2011-12 is recorded as the lowest compared to the rest of the year which is 1%. The percentage increased continuously in the subsequent six years till 2017-18. The highest percentage was recorded in the year 2017-18 which is 4.5%. In the other three years, this percentage has come down to 2.8%, 2.1%, and 1.7% distributively.

Private Sector Banks:

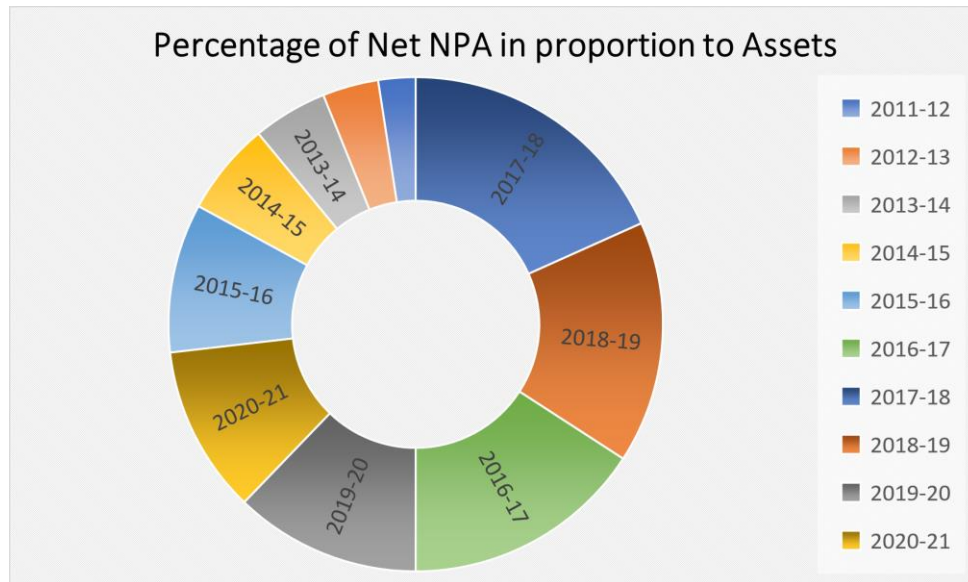
c	Gross advance	Gross NPA	Gross %	Gross trend analysis %	Net advance	Net NPA	NET %	NET trend analysis %	Net Assets	As % of total assets
2011-12	748500	14500	1.94	100%	736300	3000	0.41	100%	1500000	0.2
2012-13	886023	15800	1.78	108%	873252	3900	0.45	130%	1300000	0.3
2013-14	1360253	24542	1.8	169%	1342935	8862	0.66	295%	2215500	0.4
2014-15	1607329	34106	2.12	235%	1584312	14128	0.89	470%	2825600	0.5
2015-16	1972608	56186	2.85	387%	1939339	26677	1.38	889%	3334625	0.8
2016-17	2266721	93209	4.11	642%	2219475	47780	2.15	1592%	3675385	1.3
2017-18	2725891	129335	4.74	891%	2662753	64380	2.42	2146%	4292000	1.5
2018-19	3442347	183604	5.33	1266%	3327328	67309	2.02	2243%	5177615	1.3
2019-20	3776231	209568	5.55	1445%	3625154	55683	1.54	1856%	5568300	1
2020-21	4097040	200141	4.9	1380%	3939292	55809	1.42	1860%	6201000	0.9



The above bar graph gives a clear idea of the net NPA and gross NPA position of private banks. It shows that the ratio of the net NPA of private banks is much lower than the gross NPA, which is impressive. Here gross NPAs have been continuously decreasing for three years up to FY 2013-14 and continuously increasing for six years till FY 2019-20. The highest gross NPA was incurred in the year 2019-20 which was 5.55 though it decreased slightly in the last financial year 2020-21. On the other hand, NET NPAs have been increasing steadily since the beginning of FY 2011-12 which continued till FY 2017-18. Finally, the NET NPA has remained relatively low in the last three years.



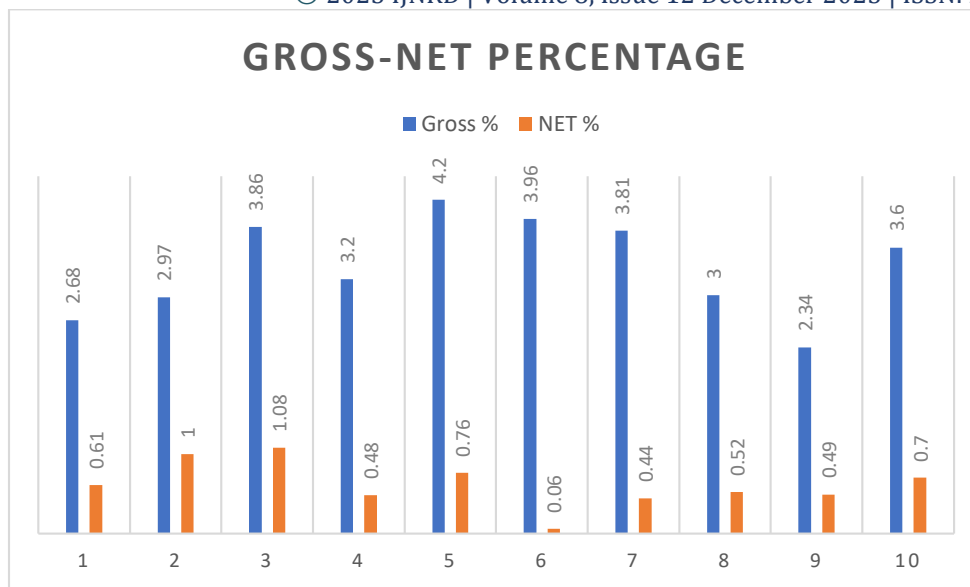
Here the trend graph clearly shows that except for the last two years, Gross and Net NPAs have remained higher and higher than their previous year. On the one hand, the highest NPA in the percentage of gross NPA increase was 1445% in FY 2019-20 but, it has decreased slightly in FY 2020-21. On the other hand, the percentage of NPAs is increasing till FY 2018-19 as compared to the base year 2011-12, which has remained low only during the last two years.



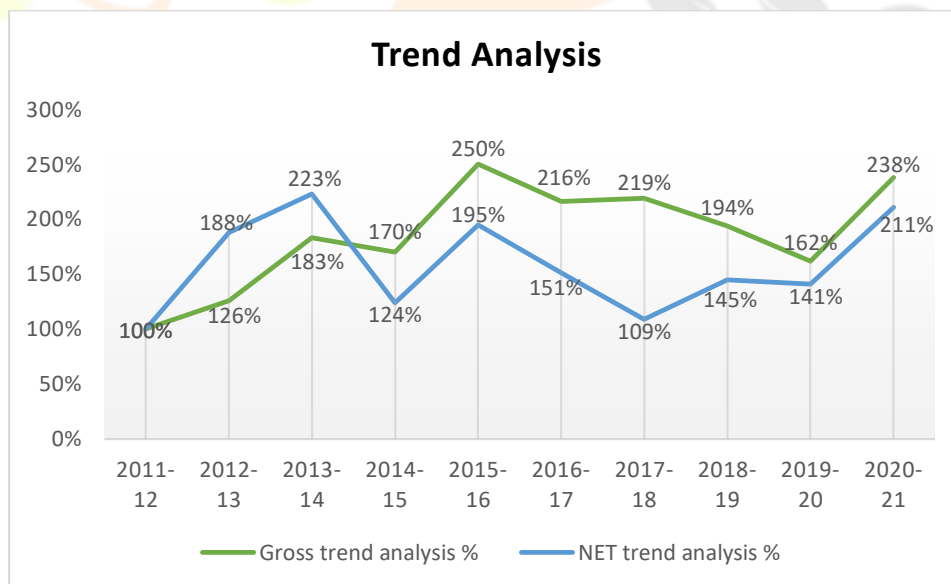
From the plot area of the donut chart, it can be said that private banks have a moderate proportion of net NPAs in proportion to their net assets. As the figures in the table show the percentage of net NPA about net assets is not more than 1.50 percent only this percentage is recorded as highest i.e. 1.50 in the year 2017-18. In all other years, the percentage has been lower.

Foreign Banks:

Year	Gross advance	Gross NPA	Gross %	Gross trend analysis %	Net advance	Net NPA	NET %	NET trend analysis %	Net Assets	As % of total assets
2011-12	234727	6297	2.68	100%	229849	1412	0.61	100%	706000	0.2
2012-13	268966	7977	2.97	126%	263680	2663	1	188%	665750	0.4
2013-14	299575	11565	3.86	183%	291142	3160	1.08	223%	790000	0.4
2014-15	336638	10761	3.2	170%	327599	1762	0.48	124%	881000	0.2
2015-16	376607	15805	4.2	250%	363551	2762	0.76	195%	920667	0.3
2016-17	343822	13629	3.96	216%	332335	2137	0.06	151%	712333	0.3
2017-18	363305	13849	3.81	219%	351016	1548	0.44	109%	774000	0.2
2018-19	406881	12242	3	194%	396726	2051	0.52	145%	1025500	0.2
2019-20	436066	10208	2.34	162%	428076	2005	0.49	141%	1002500	0.2
2020-21	420617	15044	3.6	238%	423546	2987	0.7	211%	1493500	0.2

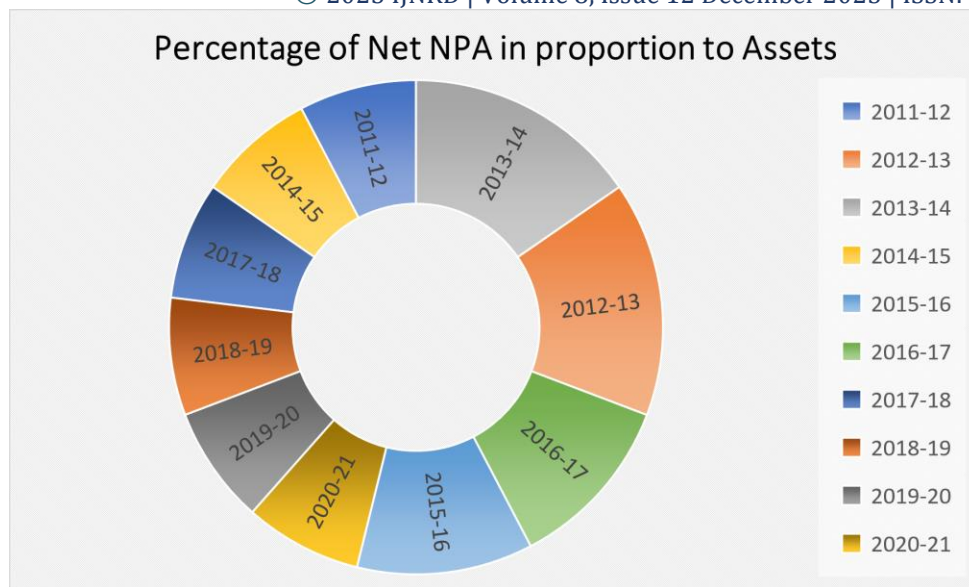


Here the bar graph shows that Net NPA and Gross NPA fluctuate continuously every year. Here the ratio of net NPA to gross NPA of the foreign bank has become relatively less. The highest gross NPA ratio was 4.20% in FY 2015-16, while it averaged close to 3% in the rest of the years. A minimum net NPA of 0.06% was recorded in FY 2016-17 and a maximum of 1% was recorded in FY 2012-13 and 2013-14.



Research Through Innovation

From the above trend chart, it is seen that the percentage of gross and net NPAs has changed year on year as compared to the base FY 2011-12. Out of the percentage of the highest trend – The gross trend of 250% was recorded in FY 2015-16 and the Net trend of 211% was recorded in FY 2020-21.



The presented donut chart makes it clear that foreign banks have a manageable proportion of net NPAs. As per the table, the percentage of net NPA in proportion to the net assets of the foreign bank did not exceed 0.4% and did not fall below 0.2%. From this percentage figure, it can be said that the percentage of NPAs proportionately fluctuates in proportion to the foreign bank's assets.

CONCLUSION

In India, the banking and financial sectors have undergone numerous reforms. The banking industry makes a significant contribution to the country's economic system, but due to the sector's rising NPAs over the past few years, the government has decided to establish a Bad Bank because selling or disposing of bank assets results in funding costs and recovery costs, which prevent banks from concentrating on their core business. Banks' capital is depleted by NPAs, which also weakens their ability to pay their bills. It has political and financial implications. For Indian banks, bad loans are a major issue because they have a direct impact on their profitability and the failure of banks has an impact on other industries as well. Banks and other financial institutions must therefore take the required actions to tackle the NPA situation. The Swiss Challenge Method should be used by management to sell NPAs, and it's also a good recommendation to keep in mind the Singaporean and Malaysian recovery systems. They must make sure that loans are recovered fairly and effectively so that the banking industry can run efficiently. To assist in preventing NPAs, banks must actively establish policies.

As a result, the government is taking action to manage and eliminate such NPA, which is a wise move that will benefit banks and the economy. However, in light of the data from various banks, the government should take decisive action to manage NPA at other banks. As was mentioned above, if a specific effective methodology is employed to get rid of bank NPAs, all of the nation's bank assets will stop developing into non-performing assets, giving the impression that the economy is in good shape.

Abbreviations

FSR Financial Stability Report	PNB Punjab National Bank
NARCL National Asset Reconstruction Company Limited	FSDC Financial Stability and Development Subcommittee
IDRCL India Debt Resolution Company Limited	SCBs scheduled commercial banks
PAMC A private asset management company	CRISIL Credit Rating Information Services of India Limited
NAMC A national asset management company	SRs Security Receipts
NPA Non-Performing Assets	AMC Asset Management Company
RBI Reserve Bank of India	PARA Public Sector Asset Rehabilitation Agency
SBI State Bank of India	

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Source of the diagram

Source: <https://images.app.goo.gl/dcUnTymQ9Za7Dfwu7>

