

A Analytical Study on Global Bank Non Performing Assets Management with Reference to India

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ABSTRACT:

The global NPA problem has been a concern, particularly during economic downturns or financial crises. Worldwide NPA issue can vary from nation to nation. It is based on economic conditions, regulatory frameworks, and lending practices. Effective management and resolution of NPAs often require coordinated efforts among governments, central banks, and financial institutions to prevent systemic risks and support economic recovery. It's essential to consider the specific context of each country while figuring out the global NPA problem. Non-Performing Assets or NPAs is one of the important challenges in financial market of Indian economy. The Non-Performing Assets (NPAs) issue of Indian economy especially in banking sector has become the subject of much concern. Escalating NPA figures can bring economic recessions or downturns, as individuals and businesses struggle to meet their loan obligations. Weaknesses in banking regulations, inadequate risk assessment, and poor government control over lending standards can contribute to the accumulation of NPAs and NPAs can be concentrated in specific sectors such as real estate, infrastructure, or agriculture, depending on the economic conditions and lending practices in a particular region. Indian NPA problem is a complex issue, and addressing it requires a multi-faceted approach involving reforms in the banking sector. The present research paper is planned to explore NPA complication in world as well as in Indian economy.

Key words: Global NPA, NPA in Indian Banking, Improvement in Financial Health of Bank.

INTRODUCTION:

a. NPA global issue :

The Non-Performing Asset (NPA) issue is a global challenge that affects financial systems in various countries around the world. NPAs are loans and advances that have stopped generating income for financial institutions because borrowers have failed to repay them. The extent and severity of the NPA problem can vary from one country to another based on economic conditions, regulatory frameworks, and lending practices. Here are some key points regarding the global NPA issue:

- **Economic Downturns:** Economic recessions or slowdowns can lead to a rise in NPAs as individuals and businesses struggle to meet their loan obligations.
- **Banking Sector Weaknesses:** Weaknesses in banking regulations, poor risk assessment, and lax lending standards can contribute to the accumulation of NPAs.
- **Sectoral Issues:** NPAs can be concentrated in specific sectors, such as real estate, construction, or agriculture, depending on the economic conditions and lending practices in a particular region.
- **Global Financial Crises:** Major global financial crises, like the 2008 financial crisis, have led to a surge in NPAs as housing markets collapsed, causing mortgage defaults and financial institution failures.

Regulatory Responses:

- **Regulatory Measures:** Many countries have implemented or enhanced regulatory measures to address NPA issues, including stricter loan classification norms, provisioning requirements, and improved risk management practices.
- **Resolution Mechanisms:** Various countries have established mechanisms to resolve NPAs, such as debt restructuring, asset sales, and the use of insolvency and bankruptcy codes.
- **Impact on Financial Stability:** High levels of NPAs can pose a risk to the stability of a country's financial system by weakening the capital adequacy of banks and hindering their ability to lend, which, in turn, can negatively affect economic growth.
- **International Cooperation:** Cross-border NPAs can become a global concern, necessitating international cooperation among regulators and financial institutions to find solutions. Coordinated efforts may be required to address NPAs that impact multiple countries.

Financial crises and NPA problems often result in lessons learned about risk management, regulatory reforms, and the importance of transparency and accountability in the financial sector. These lessons can be shared among countries to strengthen their financial systems. The global NPA issue is complex and multifaceted, with different countries facing varying challenges and employing different strategies to address their NPA problems. Economic conditions, legal systems, regulatory frameworks, and banking practices all play a role in shaping the nature and severity of NPAs in different regions. Addressing NPAs effectively often requires a combination of regulatory reforms, enhanced risk management practices, and measures to support economic recovery and stability.

b. NPA issue in Indian economy:

NPA of Indian Banking System is most heated discussion in media, Parliament and in financial market. Prior to 1960 Indian banks were mainly engaged in providing loan to traders in agricultural commodities and conventional agro-based industries such as textiles, rice and oil mills, cotton ginning factories etc. Indian Bankers actively entered the field of industrial finance from the mid 60's, when a number of industrial projects were promoted as a result of the then ongoing process of development planning in India. High tariffs were imposed on Indian industry & industries were controlled & protected by state regulation against foreign competition. Protection and lack of competition enabled industry to face little risk. Banks were facing more or equal to normal risks for financing term loans and working capital. In between 2009–2012, the banking sector also faced a poor performance in profitability, lack of availability of credit demand and lower asset quality classification. It proved that slow moving economic activities were connected with mounting risks for banks as NPA. In past no central governor or finance minister has ever tried to address this issue. Trend to grow steadily from 2010–2011 onwards and its trend resist reversing despite several corrective measures initiated However due to directive government efforts & policy reforms contributes some control over this issue in recent time. This paper analyses the trends, and other issues of NPAs in Indian banking system.

Objectives of the Study: The major objectives of this research paper is as follows -

- a) To analyse recent trends of Global Bank NPA along with NPA of Indian Banking sector.
- b) To provides suggestions to avoid future NPAs and better management of existing NPAs in Indian Banks.

LITERATURE REVIEW:

An in depth literature has been done, and it was observed that NPA problem in Indian economy is rising continuously. **Prashanth K Reddy, (2002)**, Financial sector reform in India has progressed rapidly on aspects like interest rate deregulation, reduction in reserve requirements, barriers to entry, prudential norms and risk-based supervision. However structural-institutional reforms progress was very much slower this resulted into rise in bad loans. Main reasons of improper implementation of law were the sheltering of weak institutions; liberalization of operational rules as a result operational changes was difficult and ineffective.

Dr. D. Jagan Mohana Rao (2014), The trends of extent of NPA accounts settled through various channels. It is opportunity to observe that NPA accounts curve more settled through one-time settlement as the amounts recovered during 2003-04 and 2005-06 range from 40.86 percent to 78.75 per cent. On the other hand, it is disopportunity to observe Lok Adalats did not farewell as the amount recovered declined from 14 percent in 2003-04 to 2.38 percent in

2008-09. The performance of the DRTs seem to be satisfactory over a period of time as the amount recovered has increased from 17.2 percent in 2003-04 to as much as 81 percent in 2008-09. More or less similar feeding can be observed in the case of SARFAEST Act as the amount recovered has increased from 14.73 in 2003-04 to 32.9 percent in 2008-09 with fluctuation. Above analysis indicates that the functioning of different mechanism or channel for recovering NPA assets is not satisfactory needs overbalancing of the system for speedy recovery.

Gagan Bhati, Dr. CK Goyal (2017), Private sector banks (Including new and old private banks) functioning in the same macro economic conditions but they are able to control their bad loan problems because of watchful approach in credit appraisal, management of risk and recovery of loan. They focused on retail banking and extended less credit to big corporate houses and more to middle class citizens who are far more candid and customary in repayment of their financial obligations. Further, if the credit facility has been extended to the corporate houses from the private bank, it was more to meet the working capital needs for short term. In India Public sector banks's Gross and Net NPA level is increasing at alarming rate. There should be a joint effort from the government and banking sector to cope up with the problem before it become out of control. Further the management of PSBs in India must pay singular attention towards the problem of bad loans and take appropriate action to arrest the creation of new NPAs, instead of efforts on the recovery funds from existing NPAs.

Mukul, Ercan Özen, Sanjay Taneja (2022): Indian banks situation in terms is NPA is critical. It is not only bad sign for banks but also opposing side of the economy. NPA is showing positive trend in India it creates urgent need for banking reforms to control this problem. It would be desirable if India learn from other nations policy that can limit their NPA. There is need to reframe a successful policy to address this issue along with parameter like ROA, CAR, leverage ratio etc.

Dr. Vineeta Agrawal (2022): NPA impacts the credit granting capacity of banking sector. A reform in Banking Regulation 1949 has brought down NPA problem however its gravity is huge. All borrowers are not willful defaulters; hence suitable distinctive approach would be needed. Before the IBC, 2016 came into force it was easy for bankers to declare their assets as an NPA. Lack of transference in declaring bad loan is main reason of rising NPA problem. Corruption in banking sector is one of the reasons of NPA. Role of Central bank is very important to control bad loans in banking sector.

RESEARCH METHODOLOGY:

The research study is purely based on secondary data collected from the information available in various articles, journals published online and offline reference books and websites. However an attempt is made by researchers together information from high quality of document and sources.

GLOBAL BANK NPA SITUATION:

The gravity of the Global Bank NPA problem can be ascertained by the comparing absolute level of impaired assets of different countries. In this backdrop it is entrancing to look at the NPA levels of NPAs in different nations of world to view how India stands in comparison. Information has been taken from World Bank to maintain comparability in concepts used in calculating the same. The time period for various countries is in between year 2013 to 2022 depending on the availability of data and hence has been mentioned.

Bank nonperforming loans to total gross loans (%)

Country Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Afghanistan	4.9	7.8	12.1	11.1	12.2	8.9	..	..	..	..
Albania	22.2	21.5	16.8	16.6	12.0	10.4	8.0	7.7	5.4	4.8
Algeria	10.6	9.9	9.8	12.1	13.0	12.7	14.8	16.4	..	..
Angola	8.0	10.2	10.6	11.3	25.8	23.2	23.1	12.2	15.0	..
Antigua and Barbuda	..	..	9.5	8.7	7.9	6.4	5.3	6.3	6.7	..
Argentina	1.5	1.8	1.6	1.7	1.7	3.0	5.7	4.2	4.3	3.1
Armenia	4.5	7.0	7.9	6.7	5.4	4.8	5.5	6.6	..	..
Australia	1.4	1.0	0.9	0.9	0.9	0.9	1.0	1.1	0.9	0.7
Austria	2.9	3.5	3.4	2.7	2.4	1.9	1.6	1.6	..	..
Bangladesh	4.8	9.4	8.4	8.9	8.9	9.9	8.9	7.7	8.0	..
Barbados	..	..	..	7.0	5.9	6.5	6.1	6.7	7.2	5.8
Belarus	4.4	4.4	6.8	12.8	12.9	5.0	4.6	4.8	5.3	..
Belgium	4.3	4.2	3.9	3.5	3.0	2.3	2.1	2.1	2.0	..
Belize	..	..	..	..	6.0	6.5	5.1	6.5	3.9	4.9
Bhutan	7.0	6.8	6.6	7.2	8.4	7.0	8.4	..	..	..
Bolivia	1.5	1.5	1.5	1.6	1.7	1.7	1.9	1.5	1.5	..
Bosnia and Herzegovina	15.1	14.2	13.7	11.8	10.0	8.8	7.4	6.1	5.8	4.5
Botswana	3.6	3.5	3.7	4.9	5.3	5.4	4.8	4.3	4.2	3.8
Brazil	2.9	2.3	2.8	3.1	2.9	2.6	2.7	1.9	2.1	2.6
Brunei Darussalam	4.5	3.9	4.0	4.7	3.7	3.9	3.9	3.9	3.1	2.8
Bulgaria	16.9	16.7	14.6	13.2	10.4	7.8	6.6	5.8	5.9	4.6
Burundi	9.9	10.8	17.9	21.1	14.2	..	..	..	..	..
Cambodia	2.3	1.6	1.6	2.1	2.1	2.0	1.6	1.8	1.7	2.7
Cameroon	10.3	9.7	12.3	13.5	12.4	14.8	14.7	15.8	14.1	13.0

Country Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Canada	0.6	0.5	0.5	0.6	0.4	0.5	0.5	0.5	0.4	0.3
Central African Republic	28.5	27.7	31.3	26.2	25.1	17.6	16.1	17.5	13.9	14.5
Chad	9.8	11.7	18.7	22.9	27.9	31.0	26.1	27.7	26.1	27.7
Chile	2.0	1.9	1.7	1.8	1.9	1.9	2.1	1.6	1.2	..
China	1.0	1.2	1.7	1.7	1.7	1.8	1.9	1.8	1.7	..
Colombia	2.8	2.9	2.8	3.1	4.2	3.4	3.1	3.7	3.0	2.5
Comoros	18.9	20.3	20.5	21.7	24.8	24.3	22.5	23.7	..	..
Congo, Dem. Rep.	..	..	..	..	..	6.5	5.5	7.7	5.2	7.4
Congo, Rep.	1.2	2.5	5.0	8.0	16.2	22.5	27.5	21.0	16.9	..
Costa Rica	1.7	1.6	1.7	1.6	2.1	2.1	2.4	2.4	2.3	2.1
Croatia	16.8	18.4	18.2	15.0	12.1	10.4	7.4	7.6	5.7	4.3
Curacao	..	..	..	..	..	9.2	8.7	11.4	9.8	..
Cyprus	38.6	45.0	47.7	36.7	31.4	19.5	17.1	15.0	9.0	7.7
Czechia	5.3	5.6	5.4	4.5	3.7	3.1	1.7	1.9	1.7	1.5
Denmark	..	..	3.3	2.7	1.7	1.8	1.4	1.4	1.2	1.1
Djibouti	15.3	18.7	20.0	22.5	16.5	18.1	16.0	13.3	6.7	..
Dominica	..	..	15.1	14.5	17.4	17.0	12.2	15.0	14.4	..
Ecuador	3.5	3.6	4.4	4.0	3.3	2.9	3.2	3.6	3.7	3.7
El Salvador	2.3	2.3	2.3	2.0	1.9	1.8	1.7	1.6	1.8	1.8
Equatorial Guinea	20.1	19.7	17.7	25.1	27.5	36.9	49.1	52.2	55.1	55.4
Estonia	1.5	1.4	2.8	2.2	2.4	1.6	2.0	1.6	1.1	0.8
Ethiopia	..	..	..	..	3.4	3.6	2.7	3.4	5.4	..
Fiji	2.7	2.2	1.4	2.2	2.4	3.1	3.8	6.2	8.5	..
Finland	0.4	0.8	0.9	1.0	0.7	1.0	1.5	1.5	1.5	1.4
France	4.5	4.2	4.0	3.7	3.1	2.7	2.5	2.7	2.4	..
Gabon	2.7	4.1	9.1	9.0	11.8	15.7	9.2	9.0	7.6	7.6
Georgia	3.0	3.0	2.7	3.4	2.8	2.7	1.9	2.3	1.9	1.5
Germany	2.7	2.3	2.0	1.7	1.5	1.2	1.1	..	..	..
Ghana	12.0	11.3	14.7	17.3	21.6	18.2	13.9	14.8	15.1	14.8
Greece	27.8	30.0	35.7	37.4	45.6	42.0	36.4	27.0	9.2	6.5
Grenada	..	..	10.0	6.7	3.9	2.4	2.2	2.2	2.9	..
Guatemala	1.2	1.3	1.3	2.1	2.3	2.2	2.2	1.8	1.7	1.3

Country Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Guinea	6.2	6.1	6.1	9.4	10.7	11.6	9.9	9.4	9.2	..
Honduras	3.4	3.3	3.1	2.9	2.4	2.1	2.3	3.1	2.7	..
Hong Kong SAR, China	0.5	0.5	0.7	0.9	0.7	0.5	0.6	0.9	0.9	..
Hungary	16.8	15.6	11.7	7.4	4.2	2.5	1.5	4.0	3.7	3.9
Iceland	..	..	5.9	4.1	2.9	2.5	2.9	2.9	2.1	1.4
India	4.0	4.3	5.9	9.2	10.0	9.5	9.2	7.9	6.5	..
Indonesia	1.6	2.0	2.3	2.8	2.4	2.2	2.3	2.6	2.6	2.1
Iraq	..	..	9.0	12.7	14.8	17.5	16.2	..	..	..
Ireland	22.4	20.6	16.9	12.6	11.5	5.5	3.4	3.4	2.5	..
Israel	2.9	2.2	1.8	1.6	1.3	1.2	1.4	1.5	1.1	..
Italy	16.5	18.0	18.1	17.1	14.4	8.4	6.7	4.4	3.3	..
Jordan	..	..	5.8	5.5	5.3	5.4	..	..	..	..
Kazakhstan	19.5	12.4	8.0	6.7	9.3	7.4	8.1	6.9	..	..
Kenya	5.0	5.5	6.0	8.6	9.9	12.0	9.7	11.9	10.9	11.1
Korea, Rep.	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.2	0.2	..
Kosovo	8.1	8.0	5.8	4.7	2.9	2.6	1.9	2.5	2.1	1.9
Kuwait	3.6	2.9	2.4	2.2	1.9	1.6	1.8	2.0	1.4	..
Kyrgyz Republic	5.1	4.2	6.7	8.5	7.4	7.3	7.7	10.1	10.8	12.5
Latvia	6.4	4.6	4.6	6.3	5.5	5.3	5.0	3.1	2.5	1.8
Lebanon	4.0	4.0	4.2	4.9	5.7	10.3	15.2	..	..	..
Lesotho	3.8	4.2	4.0	3.7	4.4	3.7	3.3	4.2	4.1	4.3
Lithuania	11.6	8.2	4.9	3.7	3.2	2.3	1.0	1.0	0.5	..
Luxembourg	0.2	..	..	0.9	0.8	0.9	0.7	1.0	1.3	1.6
Macao SAR, China	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.6	1.4
Madagascar	12.2	10.3	9.3	8.8	8.1	7.6	7.3	8.5	9.1	7.7
Malawi	..	..	7.3	10.3	8.6	2.8	5.1	5.4	3.7	5.5
Malaysia	1.8	1.6	1.6	1.6	1.5	1.5	1.5	1.6	1.7	1.7
Maldives	17.2	17.5	13.6	10.5	9.7	8.9	9.4	8.2	6.7	5.9
Malta	8.9	9.0	7.1	5.3	4.1	3.4	3.2	3.7	3.4	3.7
Mauritius	4.2	4.9	7.2	7.8	7.0	6.5	4.9	6.2	5.8	4.9
Mexico	3.4	3.1	2.6	2.1	2.1	2.1	2.2	2.6	2.1	2.1
Micronesia, Fed. Sts.	0.2	0.7	0.2	1.1	0.3	0.3	0.3	0.1	0.3	..

Country Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Moldova	11.6	11.7	9.9	16.4	18.2	12.5	8.5	7.4	6.1	6.4
Montenegro	20.3	18.6	14.6	11.4	8.3	7.4	5.1	5.9	6.8	6.3
Mozambique	2.7	3.2	4.3	5.7	12.6	11.1	10.2	9.8	10.6	..
Namibia	1.3	1.5	1.6	1.5	2.6	3.6	4.6	6.4	6.4	..
Nepal	..	..	..	1.7	1.7	1.6	1.7	1.7	1.2	2.4
Netherlands	3.2	3.0	2.7	2.5	2.3	2.0	1.8	1.9	1.7	1.6
Nicaragua	2.0	1.0	0.9	0.9	1.0	2.4	3.1	3.7	2.4	1.5
Nigeria	3.4	3.0	4.9	12.8	14.8	11.7	6.0	6.0	4.9	4.0
North Macedonia	10.9	10.8	10.3	6.3	6.1	5.0	4.6	3.3	3.1	2.8
Norway	1.3	1.1	1.1	1.2	1.0	0.7	0.8	0.7	0.5	..
Pakistan	13.0	12.3	11.4	10.1	8.4	8.0	8.6	9.2	7.9	7.3
Panama	1.9	2.2	2.2	2.5	3.1	3.3	2.0	2.0	2.3	2.5
Papua New Guinea	1.8	2.1	3.1	2.5	2.8	3.7	3.8	5.3	6.2	4.8
Paraguay	2.1	2.0	2.6	2.9	2.8	2.5	2.6	2.4	2.3	2.9
Peru	2.5	2.9	2.8	3.0	3.3	3.3	3.4	4.1	3.9	4.1
Philippines	2.4	2.0	1.9	1.7	1.6	1.7	2.0	3.5	4.0	..
Poland	4.8	4.6	4.2	3.9	3.8	3.9	3.8	3.7	2.9	..
Portugal	9.2	10.4	16.7	16.6	13.2	9.4	6.2	4.9	3.7	..
Romania	21.9	13.9	13.5	9.6	6.4	5.0	4.1	3.8	3.4	..
Russian Federation	6.0	6.8	8.4	9.2	9.7	9.7	8.8	8.3	6.7	6.1
Samoa	..	..	..	3.7	5.3	3.6	4.0	3.8	3.6	5.0
San Marino	42.3	43.1	49.1	47.1	51.6	50.7	58.9	61.1	59.0	..
Saudi Arabia	1.3	1.1	1.2	1.4	1.6	2.0	1.9	2.2	1.9	1.8
Seychelles	9.2	8.0	7.6	6.8	6.4	3.4	2.7	3.3	5.5	..
Singapore	0.9	0.8	0.9	1.2	1.4	1.3	1.3	..	..	..
Slovak Republic	5.2	5.2	4.7	4.3	3.6	3.1	3.0	2.6	2.1	1.9
Slovenia	13.3	11.7	10.0	5.1	3.2	6.0	3.4	3.0	2.1	1.8
Solomon Islands	7.0	4.7	4.1	3.8	6.4	7.1	10.4	10.7	10.4	..
South Africa	3.6	3.2	3.1	2.9	2.8	3.7	3.9	5.2	4.5	..
Spain	7.1	6.4	5.1	4.7	4.5	3.7	3.2	2.9	2.9	3.1
Sri Lanka	5.6	4.2	3.2	2.6	2.5	3.4	4.7	4.9	..	..
Sweden	..	..	..	1.1	1.1	0.5	0.6	0.5	0.4	0.3

Country Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Switzerland	0.8	0.7	0.7	0.7	0.6	0.7	0.6	0.8	0.7	..
Tajikistan	8.3	19.8	26.3	47.6	36.5	31.1	27.0	23.8	13.7	..
Tanzania	5.1	6.6	8.6	9.6	12.5	9.9	9.6	8.7	7.6	..
Thailand	2.3	2.3	2.7	3.0	3.1	..	..	3.2	3.1	2.8
Tonga	10.6	10.5	7.7	4.3	3.7	3.6	3.2	3.7	3.5	..
Trinidad and Tobago	4.2	4.1	3.4	3.1	2.9	3.0	2.9	3.2	3.2	..
Turkiye	2.6	2.7	3.0	3.1	2.8	3.7	5.0	3.9	3.0	2.0
Uganda	6.0	4.1	5.1	10.4	5.5	3.3	4.7	5.2	5.2	5.1
Ukraine	16.4	23.3	35.4	39.0	54.8	54.4	50.5	43.5	31.7	38.1
United Arab Emirates	5.9	5.3	4.7	4.8	5.0	5.3	6.0	7.6	7.3	6.4
United Kingdom	3.1	1.7	1.0	1.7	1.4	1.1	1.0	1.0	1.0	1.0
United States	2.5	1.9	1.5	1.3	1.1	0.9	0.9	1.1	0.8	0.7
Uruguay	1.3	1.3	1.6	2.3	2.4	2.3	0.8	0.7	..	..
Uzbekistan	2.8	2.1	1.5	0.7	1.2	1.3	1.5	2.1	5.1	3.5
Vietnam	3.1	3.5	2.8	2.6	2.1	2.1	1.8	1.9	1.6	..
West Bank and Gaza	2.9	2.5	2.1	2.2	2.3	3.0	4.1	4.2	4.2	..
Zambia	7.0	6.1	7.3	9.7	12.0	11.0	8.9	11.6	5.8	..

Source: Self complied table on the basis of World development Indicators by World Bank

The NPA ratios for countries has been categorized under four headings: very low NPAs which are less than 1%, low level 1-2%, medium 2-5% and high levels above 5% considering NPA % in 2021.

A

B

C

Sr. No.	Country Name	2021
1	San Marino	59.0
2	Equatorial Guinea	55.1
3	Ukraine	31.7
4	Chad	26.1
5	Congo, Rep.	16.9

Sr. No.	Country Name	2021
16	Curacao	9.8
17	Guinea	9.2
18	Greece	9.2
19	Madagascar	9.1
20	Cyprus	9.0

Sr. No.	Country Name	2021
37	Bulgaria	5.9
38	Mauritius	5.8
39	Zambia	5.8
40	Bosnia and Herzegovina	5.8
41	Croatia	5.7

6	Ghana	15.1
7	Angola	15.0
8	Dominica	14.4
9	Cameroon	14.1
10	Central African Republic	13.9
11	Tajikistan	13.7
12	Kenya	10.9
13	Kyrgyz Republic	10.8
14	Mozambique	10.6
15	Solomon Islands	10.4

21	Fiji	8.5
22	Bangladesh	8.0
23	Pakistan	7.9
24	Tanzania	7.6
25	Gabon	7.6
26	United Arab Emirates	7.3
27	Barbados	7.2
28	Montenegro	6.8
29	Maldives	6.7
30	Antigua and Barbuda	6.7
31	Russian Federation	6.7
32	Djibouti	6.7
33	India	6.5
34	Namibia	6.4
35	Papua New Guinea	6.2
36	Moldova	6.1

42	Seychelles	5.5
43	Ethiopia	5.4
44	Albania	5.4
45	Belarus	5.3
46	Congo, Dem. Rep.	5.2
47	Uganda	5.2
48	Uzbekistan	5.1
49	Nigeria	4.9
50	South Africa	4.5
51	Argentina	4.3
52	Botswana	4.2
53	West Bank and Gaza	4.2
54	Lesotho	4.1
55	Philippines	4.0
56	Belize	3.9
57	Peru	3.9
58	Ecuador	3.7
59	Malawi	3.7

D

Sr. No.	Country Name	2021
92	Georgia	1.9
93	Saudi Arabia	1.9
94	El Salvador	1.8
95	Cambodia	1.7
96	Netherlands	1.7
97	Guatemala	1.7
98	China	1.7

Sr. No.	Country Name	2021
123	Afghanistan	..
124	Algeria	..
125	Armenia	..
126	Austria	..
127	Bhutan	..
128	Burundi	..
129	Comoros	..

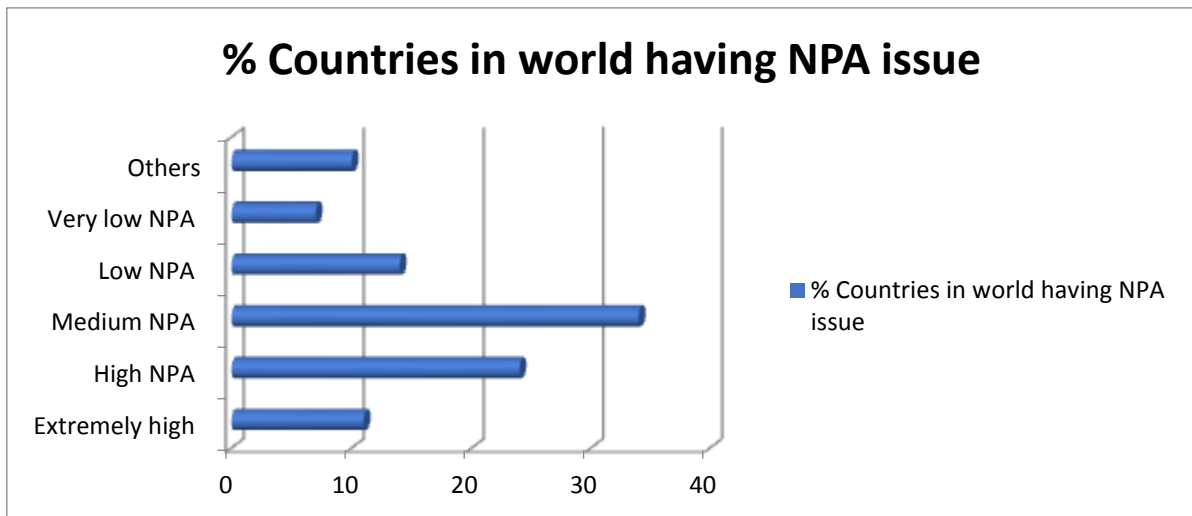
60	Portugal	3.7
61	Hungary	3.7
62	Samoa	3.6
63	Tonga	3.5
64	Malta	3.4
65	Romania	3.4
66	Italy	3.3
67	Trinidad and Tobago	3.2

99	Czechia	1.7
100	Malaysia	1.7
101	Vietnam	1.6
102	Bolivia	1.5
103	Finland	1.5
104	Kuwait	1.4
105	Luxembourg	1.3
106	Denmark	1.2
107	Chile	1.2
108	Nepal	1.2
109	Israel	1.1
110	Estonia	1.1
111	United Kingdom	1.0
112	Australia	0.9
113	Hong Kong SAR, China	0.9
114	United States	0.8
115	Switzerland	0.7
116	Macao SAR, China	0.6
117	Norway	0.5
118	Lithuania	0.5
119	Sweden	0.4
120	Canada	0.4
121	Micronesia, Fed. Sts.	0.3
122	Korea, Rep.	0.2

130	Germany	..
131	Iraq	..
132	Jordan	..
133	Kazakhstan	..
134	Lebanon	..
135	Singapore	..
136	Sri Lanka	..
137	Uruguay	..

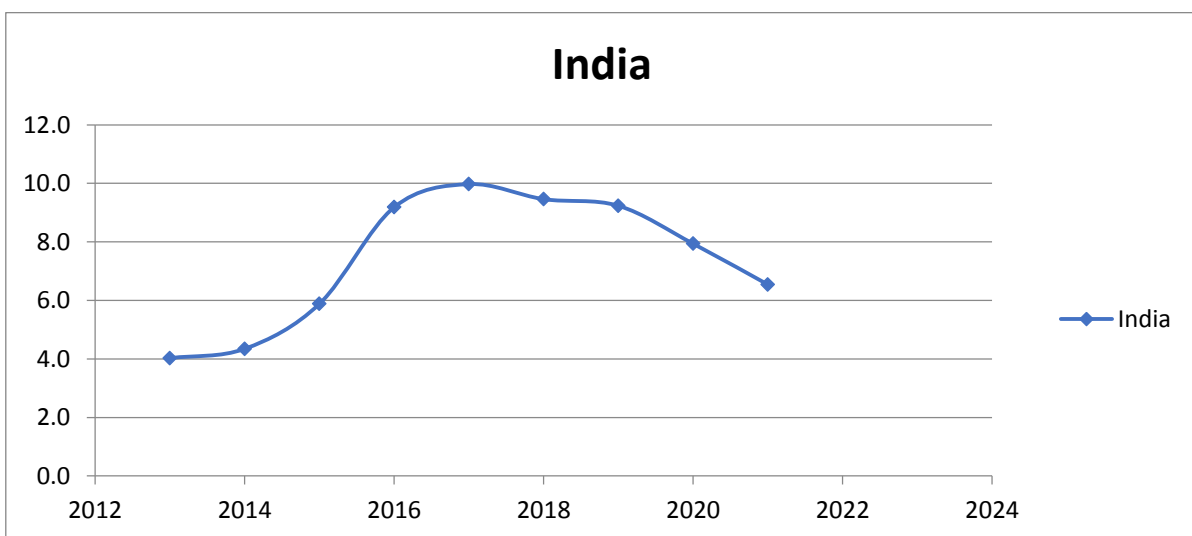
68	North Macedonia	3.1
69	Brunei Darussalam	3.1
70	Thailand	3.1
71	Colombia	3.0
72	Turkiye	3.0
73	Grenada	2.9
74	Spain	2.9
75	Poland	2.9
76	Honduras	2.7
77	Indonesia	2.6
78	Ireland	2.5
79	Latvia	2.5
80	Nicaragua	2.4
81	France	2.4
82	Paraguay	2.3
83	Costa Rica	2.3
84	Panama	2.3
85	Kosovo	2.1
86	Slovak Republic	2.1
87	Brazil	2.1
88	Iceland	2.1
89	Slovenia	2.1
90	Mexico	2.1
91	Belgium	2.0

Source: Self compiled table on the basis of World development Indicators by World Bank



Source: Self compiled graph on the basis of World development Indicators by World Bank

It is observed from above data of 137 countries 11% countries showed a Extremely high NPA (above 10.4%). 24% countries fall in the category of high NPA (Between 5 % – 10.4%). India stood at 35th position with NPA 6.5% among these countries. 34% nations witnessed Medium NPA level between the ranges of 2-5%. 14% countries are having Low NPA issue between the range of 1%-2%. And only 7% nations of the world witnessed very low NPA problem i.e. below 1% level. Information is not available in respect of some countries hence detail analysis is not possible about these countries. It is concluded that at NPA is serious & common issue for all countries in world whether it is developed, developing or underdeveloped nation with exception of some countries who have better control on their bad loans. However reversal trend is observed in India due to directed efforts by government for controlling growth rate of these loans.



Source: Self compiled graph on the basis of World development Indicators by World Bank

REDUCING NPAS:

Now days, recovery is risk of credit on banks. It is also known as credit risk. This can be tackled by a) General Mechanism and b) Legal Mechanism. One of the important parts of banking business is NPA proportion in its financial statement. Government & Bank Management have to take positive steps forward on the below points to strengthening the recovery & stopping the account slipping into NPA. a) Insolvency and Bankruptcy Code (IBC) – With the RBI's push for the IBC, the resolution process is expected to quicken while continuing to exercise control over the quality of the assets. There is needed to make changes in the provision requirement, with the requirement for the higher proportion for provisions going to make the books better. b) Credit Risk Management – This involves credit appraisal and monitoring accountability and credit by performing various analysis on profit and loss accounts. Sensitivity analysis is needed to done by banks along with sensitivity analysis. Banks have to build such policy that can protect them against adverse external factors. c) Tightening Credit Monitoring – A proper and effective Management Information System (MIS) needs to be implemented to monitor warnings. The MIS should ideally detect issues and set off timely alerts to management so that necessary actions can be taken. d) Amendments to Banking Law to give RBI more power – The present scenario allow the RBI just to conduct an inspection of a lender but don't give them the power to set up an oversight committee. Amendment in laws will empower the RBI to monitor large big accounts and create oversight committees. Better credit appraisal practices, economic growth, and continued efforts by regulators like the RBI to monitor and manage NPA problem can bring definite change in rising proportion of Bad loans. Asset quality challenge is major challenge faced by public sector as well as private sector banks (in India). Solution to this problem considered to be introduction of internationally accepted prudential norms relating to income recognition, asset classification and provisioning and capital adequacy to existing banking sector but still more directive efforts must be taken in Indian economy to solve this issue. The divergences of financial information used to happen earlier as well, but what have changed the narrative now are the mandatory disclosure of the divergences as well as implications of various rules & laws.

CONCLUSION:

It is observed that the magnitude of risk faced by the banks is escalating rapidly over the years since liberalization and deregulation. The reasons responsible for increasing Bank Risk are :

1. Deregulation and financial liberalisation brought in the economy of most of the countries including our have initiated large scale disintermediation and flexibility in market.
2. Even though technological developments have reduced time & distance barriers but simultaneously unveiled unlimited opportunities for national as well as international business expansion opportunities with a stiff competitive environment.

3. Globalization has opened up new avenues for international financial markets and has created scope for international trade, better opportunities for international trade management, fluctuation of market rates and interest rates liquidity, operational flexibility absorbs the business shocks and to helps to counter competition from the other players in the market.

4. Commercialization of the banking system in letter and spirit and thrust on profitability.

5. Limitations of Balance sheet. Changes in norms related to capital adequacy and Prudential.

Accounting standards has created positive impact on off balance sheet items to earn handsome income in banks pocket and it also helps to satisfy the ever growing demands from the customers. Indian banks are increasingly focusing on adopting integrated approach to risk management Banks have already embraced the international banking supervision accord of Basel II.; interestingly, according to RBI reports, maximum banks have already meet capital requirements of Basel III. The big question facing Indian economy these days is whether the conditions are in place for the economy to return to a path of strong and sustainable economic growth due to alarming NPA problem. Bank performance and inefficiency indicators are major indicators of future bad loans problem. Sale of loan portfolios or real estate assets can be the alternative solution of bad debt problem of banks. Zero percentage NPA is very difficult task. The extent of NPA is comparatively higher in public sectors banks. A lot of practical problems have been found in Indian banks, especially in public sector banks which needs permanent solution.

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