

An Analytical Study of NPA Trends across Scheduled Commercial Banks in India

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Abstract

Non-Performing Assets (NPAs) is a critical concern for the sustainability and profitability of the Indian banking system. This study tries to highlight a critical analysis of NPA trends among Scheduled Commercial Banks (SCBs) in India, with a special emphasis on public sector, private sector, and foreign banks. Using secondary data from the Reserve Bank of India, the study investigates the nature of trend of Gross and Net NPA over the past decades to identify patterns and variations. The analysis reveals that while public sector banks have factually exhibited higher NPA, the implementation of regulatory reforms such as the Insolvency and Bankruptcy Code and improved credit appraisal systems have contributed to a regular reduction in NPAs in recent years. While the Private sector banks demonstrate greater resilience due to stronger risk management and diversified portfolios. The paper concludes by emphasizing the necessity for judicious risk management for their credit, continuous asset quality monitoring, and effective recovery mechanisms to uphold financial stability in Indian banking sector.

Keywords: NPA, SCBs, Public Sector Banks, Private Sector Banks, Asset Quality, Financial Stability, Insolvency and Bankruptcy Code.

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Introduction

Indian banking sector plays a pivotal role in the economic development of any nation by facilitating financial intermediation, promoting capital formation, and ensuring the efficient allocation of resources. In India, Scheduled Commercial Banks (SCBs) are the backbone of the formal financial system. However, one of the most persistent and critical challenges faced by these banks is the issue of Non-Performing Assets (NPAs). Scheduled Commercial Banks are those commercial banks that are under the direct control and listed in the Second Schedule of the Reserve Bank of India (RBI) Act, 1934. These banks fulfill certain conditions laid down by the RBI. Public Sector Banks are the commercial banks in which the majority share (more than 50%) is held by the government. Scheduled commercial banks in India public sector banks, private sector banks, foreign banks, Regional Rural Banks (RRBs), scheduled payments banks, and scheduled small finance banks. A Non-Performing Asset of a bank refers to a loan or advance where the principal amount or interest payment remains unpaid for a period of at least 90 days or more. This means when debtors flop to repay their dues within the specified time, the asset ends to produce revenue for the bank and is termed as non-performing. NPAs reflect the deteriorating asset quality and incapability of the bank in measuring the potential risk involved credit.. Gross Non-Performing Assets (GNPA) represent the total value of all advances that are graded as non-performing, while Net Non-Performing Assets (NNPA) represent the amount of GNPA after deducting provisions (funds set aside to cover potential losses). In essence, GNPA shows the full scale of a bank's bad loans, while NNPA indicates the actual financial impact of these loans, considering the bank's preparedness.

NPAs arise due to a variety of factors, both internal and external. Key causes include:

- Purposive Default: Deliberate non-repayment by borrowers despite having the capacity to repay.
- Economic Go-slow: A downswing in the business cycle reduces revenues, affecting borrowers' ability to repay loans.

- Meager Credit Assessment: Inadequate due assiduousness and improper risk management during the loan sanctioning process.
- Sector-specific Disputes: Industries like infrastructure, textiles, and real estate are often motionless to evasions owing to long incubation periods and regulatory hurdles.
- Policy Delays and Supervisory Blockages: Delays in project approvals, changes in government policies, or legal disputes can derail otherwise viable projects.

The rising level of NPAs poses several adverse effects on the banking sector and the broader economy:

- Profitability Loss: Banks have to make higher provisions for bad loans, which significantly reduces their net profits.
- Reduced Lending Capability: High NPAs adversely affect the capital to risk-weighted asset ratio, restricting the capability of banks to extend fresh credit.
- Loss of Investor Trust: Persistent asset quality deterioration affects the valuation and credibility of banks.
- Arrested Economic Growth: When banks are hesitant to lend due to asset quality concerns, credit flow to productive sectors slows down, affecting overall growth.
- Fiscal Trouble: In extreme cases, the government may need to inculcate capital into the banks of public sector to stabilize them, increasing the fiscal burden on taxpayers.

This study is driven by the necessity to critically examine how NPAs have progressed across different segments of the banking industry. To carry out, a critical analysis of NPA trends in the SCBs, my present study seems to fill a vigorous gap in the current literature. It pursues beyond aggregate numbers to explore the structural, institutional, and policy-related factors that shape the dynamics of NPAs within these distinct banking segments. Given the central role that banks play in directing resources and associate economic development, focusing the NPA problem is not merely a matter of financial management —it is a national economic priority. To delve deeper in understanding of these dynamics is crucial for formulating effective

strategies, to alleviate risks, improve financial stability, and guarantee the continued effectiveness of India's banking system.

Literature review

Ms. Richa Banerjee and Mr. Deepak Verma (2018) in their study “Non-Performing Assets: A Comparative Study of the Indian Commercial Banks” observed that NPAs have always been a critical issue for the banking system from the last two decades due to the economic slowdown. The bank's performance in terms of productivity and economic growth has been affected a lot due to the presence of Non- Performing Assets. Reasons behind growing NPAs in both private and public sector banks are almost similar viz., willful loan defaults, poor credit management policies, loans approval without proper inquiry, most loans sanctioned for non-profit primary sectors.

In the article “An Analysis of NPAs of Scheduled Commercial Banks in India”, Sarita and opines that NPA trends from 2014 to 2023, highlighting the periods of volatility, and describes the effect of banking efficacy. Over the study period, they detected fluctuations in NPAs.

Mr. Syed Saqheef in his study "A Comparative Study on Non-Performing Assets of Public and Private Sector Banks" (2023) points out the specified causes and trends of NPAs, this study approaches a critical analysis of their effect on the Indian banking system and discloses interesting insights into the divergent dynamics of these financial systems. NPAs, often

considered an indicator of a bank's asset quality and financial performance, serve as a pertinent indicator for evaluating the hidden risk and their outcome.

Biswas in his Study "Non-Performing Assets of Scheduled Commercial Banks in India: A Study" (2014) postulates a critical analysis of NPAs in SCBs, stressing the essence for effective management of the banking sector. He achieved that the burden of NPA has been increased year by year due to mismanagement of the banking sector. To minimize the burden of NPA, the banker should strictly follow the rule and regulations formulated by the RBI when the banker is going to sanction a loan for a customer.

Sahil and Seema in their study "Comparative Analysis of Non-Performing Assets in Indian Banks probes noteworthy differences in NPAs across selected Indian public and private sector banks over a five-year period (2018–2022), employing ANOVA for analysis.

Kumar Santosh (2021), in his study "Two Phases of NPAs in India's Banks" observed that the maximum number of loan defaulter inside the manufacturing and infrastructure sector. Surprisingly, large number of public sector banks are inflated in both phases. The present concern of non-performing asset is mainly on account of terrifying escalation of the outstanding loans in the less important sector in substantial amount.

Karunakar et al. (2008) investigate the influencing factors highly responsible for the increase in NPAs of the both the public and private sector banks, their magnitude and their consequences on the Indian banking systems and they prescribe appropriate actions to be taken mitigate this burning issue of Indian banking systems. Collaborative application of proper evaluation and risk-management policy may be crucial way to resist the alarming growth of NPAs of Indian banking sector.

Mahesh et al. (2010), in their in their study, tried to analyze this burning issue the growth of NPAs of India banking sector subsequently the global economic recess. They advocate that simple acknowledgment of this great issue and proper monitoring can help to mitigate the NPA problem to a large extent. Assistance of NGO or self-help groups can also play a crucial role in the actual realization of the unpaid loans.

Gupta (2012) in a comparative study of non-performing assets of the State Bank of India (SBI) and associates and other public sector banks, he pointed out that to resolve the issue of the debtors, each bank should scale up a autonomous credit rating agency. He further argued that the need for a commission comprising of financial specialists to supervise the unsettled issues of NPAs.

Singh (2013) in the investigation of the NPAs status of Indian commercial banks, he unearthed that the indigent -quality loans is a vital problem for the public sector banks, it is overwhelming over the years.

Thomas et al. (2016) in their article on the realization of loan recovery of Indian banking sector proposed two ways- protective and remedial. The paper also discourses several remedial measures – legal, non-legal and regulatory which should be enacted to recover the non-performing advances.

Pawaskar and Mishra (2017) have advocated that banks should have a efficient credit assessment system to skirt NPAs. They opined that the problem of NPAs can be resolved if there is an appropriate legal structure to support the banks in recovery of loans.

Objective

The main objectives of my study are:

- To examine the trends and patterns of NPAs of Schedule Commercial Banks
- To analyze the magnitudes of NPAs of both Public and Private Sector Banks

Methodology

My present study employs a descriptive and comparative diagnostic research design to scrutinize the Non-Performing Assets (NPAs) management backdrop in Public Sector Banks (PSBs) and Private Sector Banks (PVBs) in India. The study mainly relies on secondary data, which is systematically collected, organized, and analyzed to achieve the study objectives. Several Charts and diagrams are rendered for visualization of data. For this purpose, I took the help of reliable sources, publications and statistical tables of Reserve Bank of India, research papers and working papers from reputed institutions such as ISEC, NIPFP, and RBI Working Paper Series, annual reports and Financial Stability Reports of RBI which have been duly acknowledged in the reference section. Data for the period 1996-97 to 2023-24 used to analyze the growth rate of public sector banks and private sector banks. Two sample t-test has been applied using the secondary data of NPA for the period (2014-15 to 2018-19).

Findings and Discussion

I have collected data of aggregate and net NPA of Public Sector bank, Private Sector bank and all SCBs together from the year 1996-97 to 2022-23. These are presented in the following table:

Year	All Scheduled Comm. Banks		Public Banks		Private Banks		Foreign Banks	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1996-97	47,300	22,340	43,577	20,285	217	154	1,181	516
1997-98	50,815	23,761	45,653	21,232	392	291	1,976	666
1998-99	58,722	28,020	51,710	24,211	871	611	2,357	866
1999-00	60,408	30,073	53,033	26,187	946	638	2,614	855
2000-01	63,741	32,461	54,672	27,977	1,617	929	3,106	785
2001-02	70,861	35,554	56,473	27,958	6,811	3,663	2,726	920
2002-03	68,717	29,692	54,090	24,877	7,232	1,365	2,845	903
2003-04	64,812	24,396	51,537	19,335	5,983	1,986	2,894	933
2004-05	59,373	21,754	48,399	16,904	4,582	2,353	2,192	639
2005-06	51,097	18,543	41,358	14,566	4,052	1,796	1,928	808
2006-07	50,486	20,101	38,968	15,145	6,287	3,137	2,263	927
2007-08	56,435	24,734	40,595	17,836	10,426	4,907	2,857	1,250
2008-09	69954	31564	45918	21155	16787	7412	7249	2996
2009-10	81718	39127	57301	29643	17307	6506	7111	2977
2010-11	93997	41799	71042	36055	17905	4432	5045	1313
2011-12	136968	65205	112488	59391	18210	4401	6297	1412
2012-13	192769	98693	164461	90037	20382	5994	7925	2663
2013-14	263015	142656	227264	130635	24184	8862	11565	3160
2014-15	322916	175841	278468	159951	33690	14128	10761	1762
2015-16	611607	349814	539956	320376	55853	26677	15798	2762
2016-17	791791	433121	684732	383089	93209	47780	13629	2137

2017-18	1039679	52067 9	895601	45447 3	12933 5	6422 2	13850	1548
2018-19	936474	35506 8	739541	28512 2	18360 4	6730 9	12242	2051
2019-20	899803	28937 0	678317	23091 8	20956 8	5568 3	10208	2005
2020-21	835138	25805 0	616616	19645 1	19750 8	5537 7	15044	3241
2021-22	743640	20423 1	542174	15474 5	18076 9	4373 8	13786	3023
2022-23	571546	13533 3	428197	10253 2	12521 4	2950 7	9526	1672

Source: From RBI data

Table1 presents the sector wise Aggregate and Net Non-Performing Assets for all Scheduled Commercial Banks, Public Sector Banks, Private Sector Banks and Foreign Banks in India over the period from 1996-97 to 2022-23. The table also pointed out an increasing trend of Non-Performing Assets of Indian banking system for the specified period. The foreign commercial banks also display the same pattern.

Year	All Scheduled Comm. Banks		Public Banks		Private Banks		Foreign Banks	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1996-97	7	3.3	7.8	3.6	1.3	1	2.1	0.9
1997-98	6.4	3	7	3.3	1.5	1.1	3	1
1998-99	6.2	2.9	6.7	3.1	2.3	1.6	3.1	1.1
1999-00	5.5	2.7	6	2.9	1.6	1.1	3.2	1
2000-01	4.9	2.5	5.3	2.7	2.1	1.2	3	0.8

2001-02	4.6	2.3	4.9	2.4	3.9	2.1	2.4	0.8
2002-03	4.1	1.8	4.2	1.9	3.8	0.7	2.4	0.8
2003-04	3.3	1.2	3.5	1.3	2.4	0.8	2.1	0.7
2004-05	2.5	0.9	2.7	1	1.6	0.8	1.4	0.4
2005-06	1.8	0.7	2.1	0.7	1	0.4	1	0.4
2006-07	1.5	0.6	1.6	0.6	1.1	0.5	0.8	0.3
2007-08	1.3	0.6	1.3	0.6	1.4	0.7	0.8	0.3
2008-09	1.3	0.6	1.2	0.6	1.6	0.7	1.6	0.7
2009-10	1.4	0.6	1.3	0.7	1.5	0.6	1.6	0.7
2010-11	1.3	0.6	1.3	0.7	1.3	0.3	1	0.3
2011-12	1.6	0.8	1.9	1	1.1	0.3	1.1	0.2
2012-13	2	1	2.4	1.3	1	0.3	1.2	0.4
2013-14	2.4	1.3	2.9	1.6	1.1	0.4	1.5	0.4
2014-15	2.7	1.5	3.2	1.8	1.3	0.5	1.4	0.2
2015-16	4.7	2.7	5.9	3.5	1.8	0.8	1.9	0.3
2016-17	5.6	3.1	7	3.9	2.6	1.3	1.7	0.3
2017-18	6.8	3.4	8.9	4.5	3	1.5	1.6	0.2
2018-19	5.6	2.1	7.3	2.8	3.5	1.3	1.2	0.2
2019-20	5	1.6	6.3	2.1	3.6	1	0.8	0.2
2020-21	4.3	1.3	5.3	1.7	3.1	0.9	1.2	0.3
2021-22	3.4	0.9	4.3	1.2	2.5	0.6	1	0.2
2022-23	2.4	0.6	3.1	0.7	1.5	0.3	0.6	0.1

Source: From RBI data

Table-2 represents the percentage information of non-performing assets of both public and private bank... Table also identifies the increasing trend of NPA of the public sector bank over the private sector bank for the specified period. The foreign banks also display the same trend.

Gross and Net NPAs of Scheduled Commercial Banks

Gross NPAs of Scheduled Commercial Banks in India experienced substantial changes between 1996-97 and 2022-23. In absolute terms, they started at ₹47,300 crore in 1996-97, rising to a peak of ₹10,39,679 crore in 2017-18, an increase of almost 22 times.

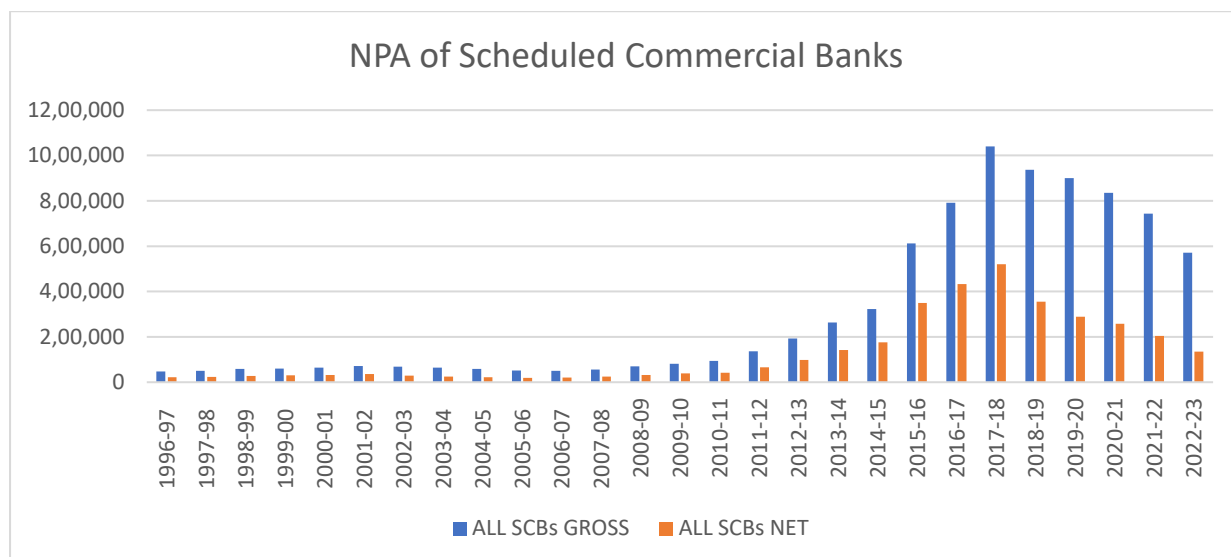


Fig.1: Trend of NPA of Scheduled Commercial Banks

Subsequently, a substantial decline has been noticed, after reaching ₹5,71,546 crore in 2022-23, which is almost half of the 2017-18 peak. In percentage of total assets, Gross NPAs began from 7% in 1996-97. They generally declined to a low of 1.3% in 2007-08, then abruptly amplified to a peak of 6.8% in 2017-18, before decreasing to 2.4% in 2022-23. Now we can classify the studied period in the following groups on the basis of their contributing factors:

- 1996-2008 (Minimal & Steady): Strong economic growth and sound asset quality.
- 2008-2014 (Slow but sure): Effect of global financial crisis, economic sluggishness, and some hostile loaning led to preliminary stress build-up.

- 2009-2018 (NPA Crisis & Peak): Significant gush due to transparent appreciation (Asset Quality Review - AQR), emphasis in basic sectors (infrastructure, steel, power), and widen economic slowdown.
- Post-2018 (Decline): Retrieval by perseverance mechanisms (Insolvency and Bankruptcy Code - IBC), bank recapitalization, enhanced credit discipline, and whole economic rescue.

Gross and Net Non-Performing Assets of Public Sector Banks

Public Sector Banks (PSBs) consistently assumed the largest share of NPAs in the Indian banking sector throughout the period. In 1996-97, PSB Gross NPAs were ₹43,577 crore (7.8% of total assets). Their Gross NPAs, as a percentage of total assets, touched their lowest point at 1.3% in 2007-08. However, a significant increase was witnessed post-2007-08. PSB Gross NPAs accelerated drastically from ₹50,227 crore in 2007-08 to a peak of ₹8,95,601 crore in 2017-18, an increase of approximately 17.8 times in absolute terms. Congruently, their Gross NPAs as a percentage of total assets rushed to a peak of 8.9% in 2017-18, nearly 6.8 times their 2007-08 level. Net NPAs also tipped at 4.5% (₹4,54,473 crore) in 2017-18. Following this peak, a substantial improvement was noted. PSB Gross NPAs in absolute terms decreased to ₹4,28,197 crore by 2022-23, a reduction of approximately 52% from their 2017-18 peak. Their total non-performing assets fell sharply to 3.1% in 2022-23, a reduction of over 65% from the peak. Net NPAs also significantly decreases to 0.7% in 2022-23. We can evaluate the periods in three phases according to the trend and influencing factors-

1996-2009 (Steady): Healthful balance sheets, balanced economic conditions.

2010-2015 (Regular Increase): Post-global financial crisis effects, enhanced infrastructure loaning, and numerous aggressive credit expansion led to initial stress.

2016-2018 (Highest NPA Crisis): Severe upwelling in NPAs due to transparent appreciation (RBI's Asset Quality Review - AQR), significant pressure in basic and fundamental industrial sectors (e.g., steel, power), and the practice of "evergreening" loans.

Post-2018 (Decrease): Constant decrease aggravated by actual resolution mechanisms (Insolvency and Bankruptcy Code - IBC), government recapitalization of PSBs, firmer credit underwriting, and a recovering policy.

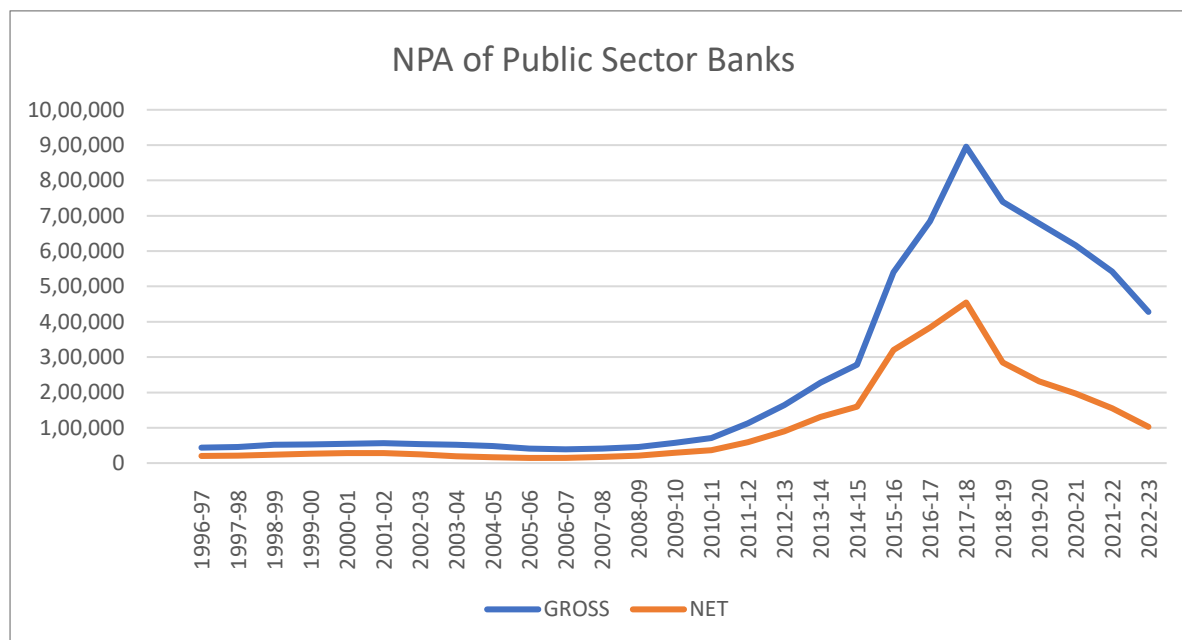


Fig.2: NPA trend of Public Sector Banks'

Private Sector Banks (PVBs) - Gross and Net NPAs

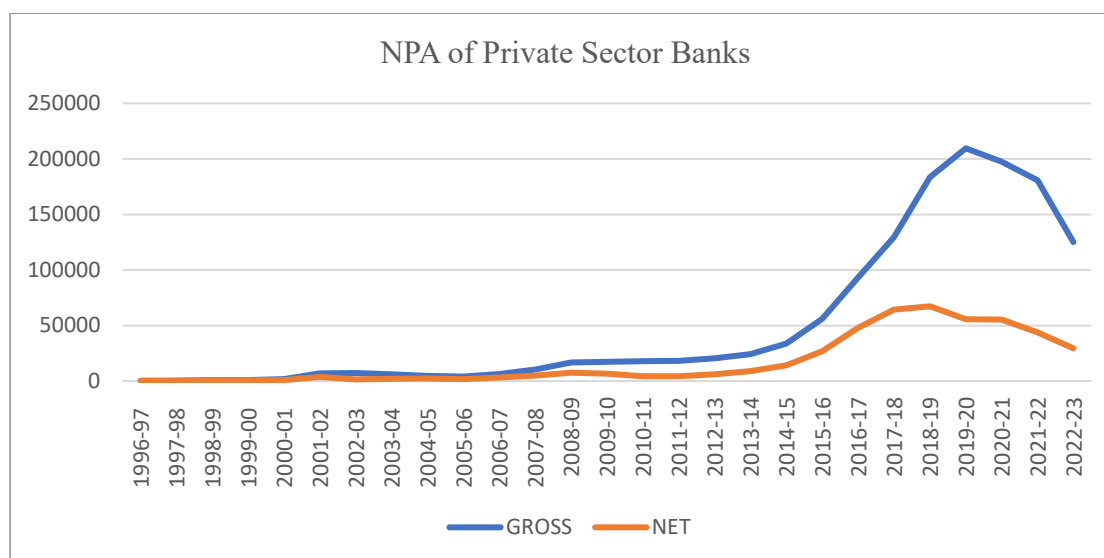
Private Banks epitomize another important segment of the Indian banking sector, and their NPA patterns indicate a contrasting vista to those of PSBs. In 1996-97, PVB Gross NPAs were relatively low at ₹217 crore (1.3% of total assets). They generally continued lower NPA levels compared to PSBs throughout the period. PVBs also experienced an increase in NPAs, particularly from 2007-08 onwards. Their Gross NPAs in absolute terms rose from ₹3,037 crore in 2007-08 to a peak of ₹1,29,335 crore in 2017-18. This marks an increase of nearly 42.6 times over this decade. In percentage of total assets, their Gross NPAs increased from 1.3% in 2007-08 to 3.0% in 2017-18, an increase of approximately 2.3 times. Net NPAs for PVBs peaked at 1.5% (₹64,222 crore) in 2017-18. Following the 2017-18 peak, PVBs also showed improvement. Their Gross NPAs in absolute terms declined slightly to ₹1,25,214 crore by 2022-23. In percentage of total assets, their Gross NPAs fell to 1.5% in 2022-23, a decrease of 50% from the peak percentage. Net NPAs similarly decreased to 0.3% in 2022-23, denoting a recovery in their asset

quality. The pattern of trend of the non-performing assets of the Private Banks may be studied through the following phases-

1996-2012 (Minimal NPAs): Private Banks (PVBs) maintained low NPAs due to their stronger risk assessment frameworks, a greater focus on retail and granular lending (which distributes risk), and generally conservative provisioning policies. Their relatively newer establishment also meant fewer inherited legacy issues.

2012-2020 (Peak & incline): The growth was primarily a spillover effect from the great economic stress, particularly affecting severe large corporate coverages that PVBs did have. While their exposure to extremely underlined sectors like infrastructure was less than PSBs. The marginally deferred and less peak relative to PSBs suggests improvised initial asset quality and a more dignified recognition process rather than a quick, obligatory clean-up.

Fig.3: Non-Performing Assets of Public Sector Banks



Post-2020 (Sharp Decline): The progress is attributable to their upbeat management involving aggressive write-offs, effective retrievals via channels like the IBC, and a sustained emphasis on vigorous credit endorsing for new loans. Furthermore, their quickness in adjusting to market changes and leveraging technology for better management also played a pivotal role.

Key Periods and Contributing Factors:

Pre-2011/12 (Low NPAs): Private Sector Banks (PVBs) maintained low NPAs due to their stronger risk assessment frameworks, a greater focus on retail and granular lending (which distributes risk), and generally conservative provisioning policies. Their relatively newer establishment also meant fewer inherited legacy issues.

2011-12 to 2019-20 (Rise & Peak): The increase was primarily a spillover effect from the broader economic stress, particularly impacting some large corporate exposures that PVBs did have. While their exposure to highly stressed sectors like infrastructure was less than PSBs, it wasn't zero. The slightly delayed and lower peak compared to PSBs suggests better initial asset quality and a more measured recognition process rather than a sudden, forced clean-up.

Post-2019/20 (Decline): The improvement is attributable to their proactive management including aggressive write-offs (removing non-performing assets from books), effective recoveries via channels like the IBC, and a continuous emphasis on robust credit underwriting for new loans. Furthermore, their agility in adapting to market changes and leveraging technology for better monitoring also played a role.

Overall Comparative Insights:

- **PSBs as the Primary Drivers of Systemic NPA:** The data evidently focusses that Public Sector Banks have been the main influencing factors to the NPA crisis in India, both in terms of absolute value and the acutest increases during periods of emphasis.
- **Effectiveness of Reforms:** The substantial decrease in NPAs across all bank groups, particularly PSBs, post-2018, accentuates the effectiveness of the collective efforts of the government and the RBI through reforms like the IBC and recapitalization.
- **Risk Management Disparity:** The consistently lower and steadier NPA levels in Private and Foreign Banks suggest discrepancies in their risk assessment frameworks, credit standards, and portfolio divergence related to Public Sector Banks.

Comparative status of private and public sector banks

- For comparison status of the growth pattern of public and private sector banks, we observed the rising trend of NPA from (2014-15 to 2018-19), two sample t-test is carried out guessing equal variance.
- H_0 : No significant difference between average NPA of public and private sector banks i.e., $(\mu_1=\mu_2)$.
- H_1 : Significant difference between average NPA of public and private sector banks $(\mu_1\neq\mu_2)$.

	Variable 1	Variable 2
Mean	30.084	29.91
Variance	1298.7516	1018.111
Observations	5	5
Pooled Variance	1158.4312	
Conjectured Mean Difference	0	
df	8	
t Stat	0.0080832	
P(T<=t) one-tail	0.4968743	
t Critical one-tail	1.859548	
P(T<=t) two-tail	0.9937485	
t Critical two-tail	2.3060041	

Since calculated $|t \text{ Stat}| = 0.00808$ is much less than $t \text{ Critical two-tail} = 2.3060041$, the null hypothesis is rejected. This means there is significant difference between average NPA of public and private sector banks. The P value = 0.9937485 is also high. Therefore, we can draw the conclusion that the growth rate of the public sector banks and private sector banks are not significantly different.

Conclusion

The burning issue of Non-Performing Assets has long been a serious concern for the Indian banking sector, categorically for Scheduled Commercial Banks

which play an pivotal role in the country's economic growth. This study shows that Public Sector Banks have usually conceded a higher incidence of non-performing assets compared to their private and foreign equivalents. This is mainly on account of their significant revealing to priority sectors, infrastructure projects, and government-directed loaning. Contrarily, Private banking system has endorsed sounder credit review management, better recovery process, and efficacy in asset management, resulting in comparatively lower NPA ratios.

Sector-wise analysis demonstrations that the industrial sector has contributed the most to the NPA crisis, especially during the period from 2012 to 2018. However, the retail loan sector has remained the steadiest, with persistent low NPA ratios. The agriculture and services sectors have revealed moderate but consistent levels of stress, often influenced by external factors like climate, policy involvements, or economic downswing.

Substantial policy interventions like, the SARFAESI Act, Asset Quality Review (AQR), and the Insolvency and Bankruptcy Code (IBC) have added to better identification, detection, and resolution of NPAs. As a result, recent years have observed a sharp decline in aggregate and net non- performing assets ratios, with 2022–2023 marking some of the lowest levels recorded in over a decade.

Though some achievements have been noticed, challenges remain. Unsafe retail lending, MSME stress post-COVID, and the enduring impact of economic instability continue to set risks. Therefore, proactive risk monitoring, robust internal controls, data-driven credit appraisal systems, and strict governance are necessary to sustain the progress made.

Placing India's NPA voyage in a global perspective emphasizes the volume of its past experiment and the achievement of its recent improvements. From a peak of ~11.2% in 2017-18, India's GNPA ratio has admirably decreased to 2.6% by September 2024. This positions India firmly among countries with moderate to healthy banking asset quality, meaningfully better than nations wrestling with high double-digit NPLs (e.g., Ukraine at 30.3% or Ghana at

21.8% in late 2024), and compare to several other major economies. This flight accentuates India's bolstering economic buoyancy on the global arena.

Though the Indian banking sector has made outstanding improvements in gripping its NPA issue, attaining a considerably better asset quality profile, unremitting observance is imperative. Behind this achievement needs continuous emphasis on vigorous risk management, further augmenting the efficiency of resolution management, leveraging mechanism for practical NPA management, and endorsing healthier corporate governance across all over the Indian banking system to ensure sustained financial stability and promote sustainable economic growth.

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