A STUDY OF NON-PERFORMING ASSETS OF SBI AND ITS ASSOCIATES

DR. S.YADAV*; DEEPENDRA SHARMA**

* ASSOCIATE PROFESSOR,
GITARATTAN INTERNATIONAL BUSINESS SCHOOL, ROHINI, DELHI.

** ASSOCIATE PROFESSOR,
INSTITUTE OF MANAGEMENT STUDIES, DEHRADUN

ABSTRACT

Profitability, solvency and liquidity are the three pillars on which the foundation of any bank is laid. When there is a liquidity crunch, the funds deployed by the banks get locked up as NPAs, which reduces the profitability and if the trend continues without check, it threatens the solvency of the Banking institution. Keeping this view in mind a study was undertaken on SBI and its Associates with respect to the problem of NPAs under which the trend of NPAs was studied after the economic liberalization took place. It was observed that NPAs have been steadily falling but did not eradicate completely from the Bank’s Balance Sheets. Then the reasons for the current state of NPAs were worked out with the help of data by credit rating agencies and it was found that the exposure to capital markets in the recent years have been responsible for the current state of NPAs. In the end the BASEL III implications on capital adequacy have been accounted for and a new hope arises due to its advent.

KEYWORDS: BASEL III, Narasamhimhan Committee, NPAs, SBI.