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## A Study of Non - Performing Assets at Pandharpur Urban Co-operative Bank, Pandharpur

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### **Abstract:**

*NPA stands for Non-Performing Assets, which refers to loans or advances that have stopped generating income for the lender. In other words, NPA is a classification of loans that are in default or have stopped paying interest. NPA can have a significant impact on the financial health of banks and other financial institutions as they lead to a loss of income and can also impact the availability of credit for future borrowers. The management and resolution of NPAs is a critical issue for banks and regulators, and various measures have been taken to address this issue, including restructuring and recovery of bad loans. NPA is an important indicator of the financial health of a bank, and its level is closely monitored by regulators and investors.*

**Keywords:** Urban Co-operative Bank, Debt Recovery Tribunals

### **1 Introduction :**

An important factor in a nation's economic progress is the banking industry. The banking sector supports the production, distribution, commerce, and consumption processes in the global economy through its intermediary activities. It supports both economic growth and the flow of money across the economy. As a result, the efficiency of the banking system impacts the rate at which the economy is growing.

Similar to any other business, a bank's profitability is evaluated based on its profitability and the calibre of its assets. There are two types of assets: performing assets and non-performing assets. Executing loans if the funds and interest are both secured and its return is assured. A non-performing asset is one that the bank cannot collect on.

NPA is utilized to identify a borrower's property or accounts that have been categorized by a

banking or weak commercial institution, dubious, or a lost asset in keeping with RBI asset classification regulations. In the banking sector, a loan provided to dubious consumers who may or may not refund the loan on time is known as an NPA. The mismatch of the two is what has led to the NPA.

NPA means a borrower's capital or account that has been labelled as poor, in doubt, or a loss asset by a bank or financial institution in line with RBI's asset classification criteria. In the banking industry, a loan called to in doubt clients who may or may not return the loan on time is known as an NPA. The mismatch between the two is what led to the non-performing asset.

The topic for the research study "A Study on Non-Performing Assets" conducted at The Pandharpur Urban Co-operative Bank Ltd., Pandharpur.

#### **OBJECTIVE OF STUDY:**

- i. To understand the concept of Non-Performing Assets (NPA).
- ii. To study the general reasons and preventive measures for Assets to become NPA.
- iii. To study the NPA position of The Pandharpur Urban Co-operative Bank.

#### **RESEARCH METHODOLOGY:**

The technique when a researcher summarizes how the study will be applied are referred to as the method utilized for the study it is rational strategy in finding an issue. The act a researcher will drive through to carry out a study and earn real, factual findings meeting their goals and objectives is clarified in a methodology. It info any knowledge they find that where they learning it from, how they gathers it, and how they compare it.

#### **RESEARCH DESIGN:**

A framework or plan for utilizing surveys is called a research design. It is necessary to figure out more about the study's topic. The goal of the analysis is to help the decision-maker define, evaluate, and decide on the best course of action to follow in a particular scenario. Descriptive research may be the most successful way to collect data that will expose relations and explain the real world. Descriptive studies' primary objective is to describe what is occurring or what already exists. Descriptive research will be the strategy of alternatives.

- i. Involves collecting data about events, organizing, tabulating, and describing all of the data.
- ii. Groups data into patterns that appear during analysis using description as a tool for the corporation.
- iii. The reader is often helped by the use of visual aids like graphs and charts.

#### **Data collection method:**

Conversations were performed with the aid of a questionnaire to acquire the data, making the questionnaire an effective tool for data collection. The personal approach was done with the

questionnaire to get more information as feasible from the customers to understand how they truly felt about the goods and services.

- ❖ **Primary Data:** Particularly primarily for research, primary data are details that are obtained it can also be linked to raw data or first-hand experience for the first time through personal experiences or other evidence.
- ❖ Discussions with the bank's manager and executives to learn more about its business in general. By asking about the bank as a mentor.
- ❖ **Secondary Data:** Information is that which has previously been gathered by another individual. Collecting data through yearly reports, manuals, and other relevant documents from the banks. Receiving data using the bank's literature.

## LITERATURE REVIEW:

### 1. Ramchandran, T., Senthil Kumar, S., and Shenbagavalli, R. (2013)

A plan for public sector banks to manage non-performing loans. The researchers talked about how to manage NPAs and the reasons why loans go bad (NPA). They advised bankers with NPAs in their portfolios to take the following actions:

- Looking closely at the financial statements.
- Meetings, visits, and peer review of the business in person.
- An effective loan monitoring management information strategy for finding risky borrowers in addition to accounts.

### 2. Miyan, M. (Dr.) (2017)

He unearthed that it is in his data analysis that while there was a decrease NPAs over the study period, they were In reality there are more private sector banks as public sector banks. Return on assets is also loss as it is less in public sector banks than in private sector banks.

### 3. Sharma S., D.S. Rathore, and J. (2019)

They see a poor recovery management and wrong use of bank loans are the primary characteristics promoting NPAs in both public and private sector banks. NPAs are going up in domains as well as in industries. To facilitate higher operational and credit decisions, they advisable increasing company management.

### 4. Premnath S. and Selvam P., (2020)

They understood that NPAs improved when conflicts were occurring. "Impact Coronavirus on NPA and GDP Indian Economy" is the name of their study. and suggested the government to take action on excellent cases as soon as possible and halt mandatory landings, which actually need to take place.



**5. Varma, S., Ram, N., & Lohani, J. (2022).**

In Analysis of non-performing assets in covid-19 periods They discovered that the NPAs of government and commercial banks differ significantly. Because government banks have liberal lending regulations and inadequate risk-assured investment procedures, they have a high percentage of failed loan.

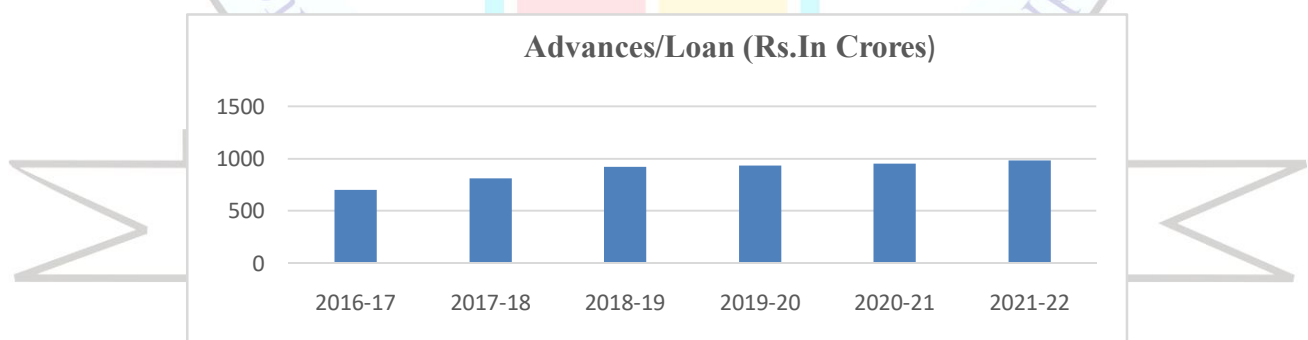
**DATA ANALYSIS:**

In data analysis, raw data is processed using various techniques to extract meaningful information, such as statistical methods, data mining, machine learning, and visualization. The final results of data analysis are used to locate patterns and trends, calculate the future based on them, and reach predictions details of the data at hand.

Overall, data analysis plays a critical role in helping individuals and organizations make data-driven decisions and gain insights into the data they have collected.

**1. Advance Growth:**

Year	Advance (Rs.)
2016-17	7,00,21,79,890.12
2017-18	8,09,59,87,745.28
2018-19	9,16,49,08,323.56
2019-20	9,33,43,51,395.23
2020-21	9,49,40,02,279.31
2021-22	9,72,99,94,062.40



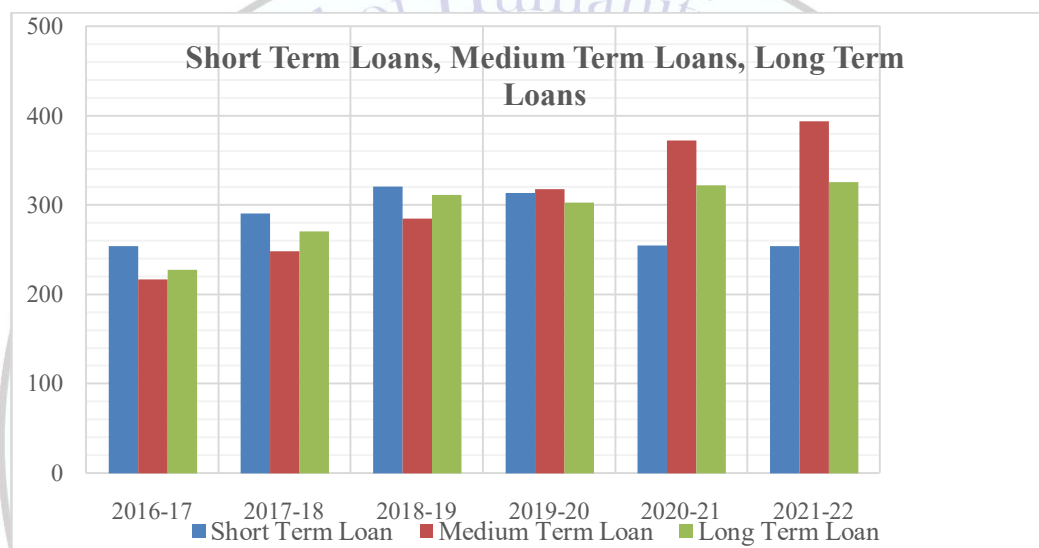
**Fig. 1 Advance growth chart**

**Interpretation:**

From the above Fig.1, it is observed that the advances/loan in the Pandharpur Urban Co-op. Bank was increased in the last 6 years i.e. from the financial year 2016-17 to 2021-22. The Advances were Rs.700.12 Crores in 2016-17 and which increased in 2020-21 were Rs.972.40 Crores. This shows the growth in Advances in the bank.

**2. Loans with short, medium, and long terms:**

Year	Short-Term Loans (Rs.)	Medium-Term Loans (Rs.)	Long-Term Loans (Rs.)
2016-17	2,54,72,88,009.21	2,17,79,77,805.03	2,27,69,14,075.88
2017-18	2,90,60,30,801.61	2,48,31,33,470.17	2,70,68,23,473.50
2018-19	3,20,56,26,188.50	2,84,80,01,365.56	3,11,12,80,769.50
2019-20	3,13,99,48,178.17	3,17,43,72,480.56	3,02,00,31,276.50
2020-21	2,54,10,58,079.57	3,72,79,41,256.42	3,22,50,02,943.32
2021-22	2,53,47,85,847.72	3,93,76,26,364.76	3,25,75,81,849.92



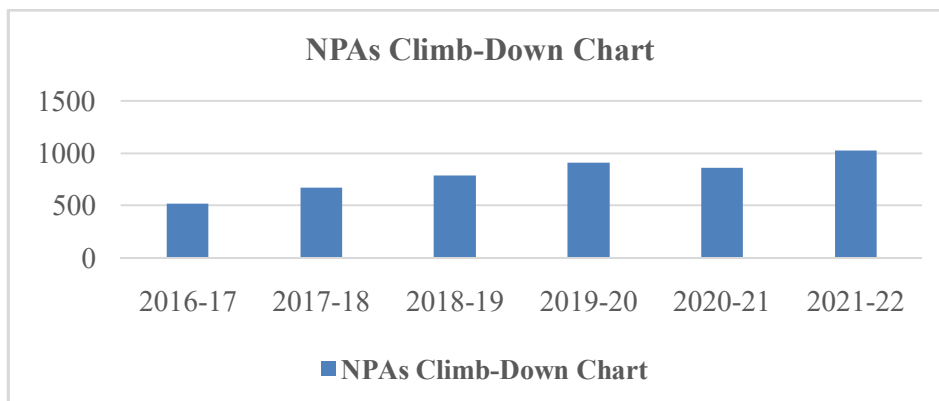
**Fig. 2 Loans with short, medium, and long terms**

**Interpretation:**

The above Fig. 2 shows the last 6 years' Loans with short, medium, and long terms amounts in the Pandharpur Urban Co-op. Bank. The short-term loan amount is lowest in 2021-22 (Rs.2,53,47,85,847.72) and highest in 2018-19 (Rs. 3,20,56,26,188.50). The medium-term loan amount shows a linear increase, with the lowest in 2016-17 (Rs. 2,17,79,77,805.03) and the highest in 2021-22 (Rs. 3,93,76,26,364.76). Long-term loan amount shows a linear increase, with the lowest in 2016-17 (Rs.2,27,69,14,075.88) and the highest in 2021-22 (Rs. 3,25,75,81,849.92)

**3. NPAs Climb- Chart:**

Year	NPAs Amount
2016-17	51,49,00,713.97
2017-18	66,60,96,967.49
2018-19	78,63,80,478.04
2019-20	90,72,91,328.87
2020-21	85,53,42,595.34
2021-22	1,02,27,59,376.85



**Fig.3 NPAs Climb- Chart**

### Interpretation:

The above Fig. 3 shows the NPA amount of Urban Bank for the last 6 years i.e. from the financial year 2016-17 to 2021-22. The NPA amount was recorded lowest in the year 2016-17 (Rs.51,49,00,713.97) and highest in the year 2021-22 (Rs. 1,02,27,59,376.85).

### CONCLUSION:

1. The NPA have a rapid effect on the profitability, productivity, liquidity, and equity of banks and, in turn, have an impact on their opinions about the creation of credit and credit expansion. NPA grew as a result of a few things.
2. delays with the settlements on accounts past due and an increase in the NPA % are caused by the recession, power and input shortages, inflation, injuries, and natural disasters.
3. NPA controls and keeping them within an acceptable level are crucial to a bank's success. Effective NPA management for any bank is essential for the institution's growth.

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