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# A Systematic Review Of Non-Performing Assets Of Pune District Central Co-Operative Bank Ltd. Pune

**Dr. Pathan Reshma Mohiddin** D. Litt Scholar, OPJS University, Churu, Rajasthan

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## Abstract

In an economic system of a specific country, the most important part is their banking system. A strong banking system provided the straightness of the country's economy because banks supply finance for various reasons (Economic Survey 2020-21). The Co-operatives bank in India is classified into main two parts namely Urban and Rural Credit Co-operatives bank (Diva Rai, 2019). The main aim of this research study is to review previous literature and find out the research gap and obtain a research framework for the current study. In the case study method, the researcher intensively explored and analyzed the life of a Pune District Central Cooperative Bank. It aims at studying everything about a few units rather than something about several units. In this method, no attempt is made to exercise experimental or statistical controls and phenomena relating to the unit are studied in natural settings. The researcher has considerable discretion in gathering information from a variety of sources such as peer review journals, articles, proceedings in conferences, seminars books, etc. The review of previous literature is an essential stage of every research after the research problem and research question. It assists the researcher to evaluate and search the research gap of the previous study interconnected to several variables and concepts, theories, objectives, hypotheses, and research design used in previous research studies. There are several research provides a variety of factors that affected the Non-Performing Assets of district central cooperative banks. But not much research has been accomplished to find out the interconnection between the Non-Performing Assets and their effects on the profitability of banks. This study is focused on searching the research gap between the previous literature and its boundaries. Several studies focus on challenges and issues of district cooperative banks and Non-Performing Assets so this study concentrates on the number of factors that will affect the performance of the bank and the relationship between the Non-Performing Assets and the functioning of Pune District Central Cooperative Banks.

**KeyWords-** Non-Performing Assets, District Central Co-operative Bank, Standard assets, substandard assets, loss assets

## Introduction

In the Indian economic system, District Central Co-operative Banks (DCCBs) contribute and encourage the agricultural people and other people by supplying agricultural credit and other loans (MuthumeenaMurugaboopathy, M. Jeyakumaran, and S.B. Inayath Ahamed, 2018). In an economic system of a specific country, the most important part is their banking system. A strong banking system provided the straightness of the country's economy because banks supply finance for various reasons (Economic Survey 2020-21). The Co-operatives bank in India is classified into main two parts namely Urban and Rural Credit Co-operatives bank (Diva Rai, 2019). The bank supply not only currency to the economic system but also provide finance through credit creation (Richard A. Werner, 2014). The bank is the most important pillar of the economic system of the world (RBI Report, 2020). Bank play important role in production, marketing, exchange, and utility area. Bank accepts deposits from the public for the purpose of granting loans and making investments in various areas of the economy (Report of The Expert Committee on Urban Co-operative Banks, 2021). Most of the banks provide loans to industry, trade, business as well as in modern banking system provides loans to risky sectors like agriculture small self-help groups (mckinsey and company report, 2021). The rural and agricultural sector has a huge contribution to countries' GDP (Cervantes-Godoy, D. and J. Dewbre, 2010). In the rural areas of India cooperative banks are more actively participated and contributing to countries' economies (Mhembwe, S., & Dube, E, 2017). The district central cooperative Bank provides financial assistance at the district level (Shehnaz Ahmed and Debanshu Mukherjee, 2019) and it plays a significant part in the growth of agricultural credit cooperatives and other credit societies (Soni, Anil & Saluja, H.P, 2012). The district central cooperative bank is the bridge between the state cooperative bank and primary cooperative credit societies. It maintained the balance between the financial assistance provided to cooperative credit societies. The district central cooperative banks face a variety of difficulties and challenges (Times of India, 2021).

This study reviews the previous works of literature related to Non-performing Assets and debt management of District Central Co-operative Bank. NPA and Debt management are of great importance due to various other reasons also. PDCC Bank working in the rural area at the grass-root level and the debt recovery of a short-term agricultural loan of PDCC Bank is not satisfactory, and the amount of outstanding debt (NPA) increases every year. Against this background, it has become important and necessary to analyze the factor responsible for finding out the actual position and condition about the NPA and Debt management policy under the title **"Factors Affected on Non-Performing Assets: Pune District Central Co-Operative Bank Ltd. Pune"**

### **Objectives of study**

The main aim of this research study is to review previous literature and find out the research gap and obtain a research framework for the current study.

## **Research Methodology**

In the case of the study method, the researcher intensively explored and analyzed the life of a Pune District Central Cooperative Bank. It aims at studying everything about a few units rather than something about several units. In this method, no attempt is made to exercise experimental or statistical controls and phenomena relating to the unit are studied in natural settings. The researcher has considerable discretion in gathering information from a variety of sources such as peer review journals, articles, proceedings in conferences, seminars books, etc.

**Poongavanam. S. (2011)** Investigated NPA; Issues, clauses & remedial solutions. The researcher's main objective is to analyze the reasons for NPA. The researcher suggested that bank has to increase the number of installments by minimizing the quantum of installment amount in order to recover the loan. This article highlights the reason for an asset becoming NPA and remedial measures to be taken.

**K.Rama Prasad, B.Ramchandra Reddy (2012)** studied the Management of Non-Performing Assets in Andhra Bank. The researcher's main objectives of the study are to assess the NPA of Andhra Bank in comparison with public sector banks as well as nationalize banks and their impact on profitability. The researcher suggested that there must be an effective and regular follow up with the customer and needs to watch is there any diversion of funds this process can be taken up at regular intervals, between the bankers-borrowers the healthy relationship should be developed, many instances reported that the bank uses force in a recovery of loans, which is unethical. They found that there is a tremendous decline in NPA of Andhra Bank as well as in Public Sector Bank during the study period, even though enormous growth in advances. This resulted in the introduction of prudential norms. The use of technology like core banking solutions will bring change Indian banking to manage their NPA.

**Dr. Mohan Kumar, Govind Singh (2012)**, highlights the most significant factors contributing towards the problem of NPAs from the point of view of top bankers from public sector banks in India, some foreign banks & the measures required for management of NPAs like reformulation establishment of monitoring department. The researcher found that the problem of NPAs in India has not yet reached the critical stage that has reached in most countries. Industry-related loan account which near about 42% of total loans & 20% of the industry-related loan assets can be considered as problematic.

**Namita Rajput, Monika Gupta, Mr. Ajay Kumar Chavhan (2012)**, Investigated the NPAs of PSBs. The researcher's main objectives of the study are to analyze the nature, extent & magnitude of NPAs & profitability measures (ROA) of banks. They found that all accounts in the standard category should not be taken for granted & should be subjected to the periodical. Categorization of standard accounts into A, B, C based on the

actual recovery of interest & installments due, will help a focused & strengthened monitoring.

**B. Senthil Arasu, P. Sridevi, P. Nageswari, R. Ramya (2019)**, revealed that the asset quality in Public Sector Banks. The main aim of this study was to find out the Non-performing Assets and their effects on profitability and financial conditions of the Public Sector banks. The researcher selected considered 10 Private and Public sector banks and analyse the Gross and Net Non-performing Assets from the period 2014 to 2018. The study discovered that there was a positive relationship between Net and Gross Non-performing Assets of private and public sector banks and a negative relationship between Non-performing Assets with Return on Assets of Private and Public sector banks. The study suggested that the bank authorities and officials should take the basic steps to minimize the Non-performing Assets and control over the recovery mechanism.

**S. Narasimha Chary, Mohd Fa (2019)**, observed that Non-Performing Assets was directly impacted on the economic performance of the banks. The high Non-Performing Assets levels showed that challenges and issues in repayment of loans and advances. It also affects the net worth and profitability of banks. The researcher reviews the previous literature on Non-Performing Assets performance of selected banks during the period of 2009-2018. This study concluded that the non-performing assets were directly affected on the bank and its loss, profitability, and inconsistency in the economic performance of public sector banks.

**Smita Mishra, Sakshi Garg, Megha Grover, and Tanvi Gupta (2020)**, provided basic information about some critical aspects related to the development of the Indian banking sector. The researcher was focused on the various factors that affected the non-performing assets and profitability of banks. The main objective of this research was to find out the non-performing assets of selected public and private banks in the Indian economy. The researcher has selected a bank which was high market capitalization. This study utilized secondary data including published reports of RBI. The study found that non-performing assets had been increased in both public and private banks.

**Sentulal Debbarmaa, Amit Kumar Dasb, and H R Laskar (2021)**, concluded that the banking sector was the most significant factor in every developing country. The RBI had provided several policies, rules, and regulations to enhance the capabilities and abilities of the banks. The non-Performing Assets (NPA) level has indicated the health of the bank. Performance measures of the banks showed that the non-performing assets had impacted the liquidity, profitability, and solvency position of the banks.

**Sushmitha G and N. Nagaraja (2019)**, noted that the Indian banking system faces various financial difficulties and challenges due to huge competition from global banking. These economic problems had a negative impact on the bank's performance. The Indian banking system has encountered the main challenges that were increased in non-performing assets. Non-performing assets were the main Indicators of the

economic situation and health of the bank. This study compares the non-performing assets of Cooperative banks for the period 2008-2018. The researcher utilized statistical techniques namely line graphs and tabulation for data analysis. The study showed that Urban Cooperative Banks and State Cooperative Banks had significant improvement in the management of non-performing assets in comparison to the DCCBs, PACs, SCARDBS, and PCARDBS.

**Dr. Ankita Chaturvedi and Kanchan Sangwan (2017)**, studied the non-performing assets, management of non-performing assets, and factors affecting non-performing assets of Co-operative banks of Rajasthan. The researcher utilized a survey method for the collection of data related to the research topic. The finding of this study indicated that the selection of borrowers at the appraisal stage was the most significant factor that was responsible for the increase and reduction of non-performing assets. Bank officials encountered a variety of difficulties at the sanction and disbursement stage namely political pressure, incomplete documentation and defective legal documentation, etc.

**K. Prasanth Kiran and T. Mary Jones (2016)**, concluded that the Performing Assets were affected on the banking sector of the economy as well as the total financial system of a specific country. This study selected some public sector banks in India to measure the effect of Non-Performing Assets on the functioning and profitability of public sector banks. For this purpose, the researcher selected 5 nationalized banks and SBI. The finding shows that there had a negative correlation between gross Non-Performing Assets and net profits except for SBI all the other banks.

### **Conclusion**

The review of previous literature is an essential stage of every research after the research problem and research question. It assists the researcher to evaluate and search the research gap of the previous study interconnected to several variables and concepts, theories, objectives, hypotheses, and research design used in previous research studies. There are several research provides a variety of factors that affected the Non-Performing Assets of district central cooperative banks. But not much research has been accomplished to find out the interconnection between the Non-Performing Assets and their effects on the profitability of banks. This study is focused on searching the research gap between the previous literature and its boundaries. Several studies focus on challenges and issues of district cooperative banks and Non-Performing Assets so this study concentrates on the number of factors that will be affected on the performance of the bank and the relationship between the Non-Performing Assets and the functioning of Pune District Central Cooperative Banks.

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