

Chapter 5th

Conclusion and Suggestions

: Conclusion:

The outcome of the research study summarized below:

It has been proving in the study that Non Performing Assets has become a main day problem which growing day by day in the banking industries.

Increase figures of NPAs of all banks especially of nationalized banks are harmful for National economy because 79% of the total advances have provided by nationalized / public sector commercial banks, in India. Against these advances gross NPAs proportion reached to 13% collectively and in case of BOM it is 6.33% of their gross advances.

No doubt about the efforts taking by the bank organization – management, officers and staff for the growing the business for advances as well as deposits collection have good and performing every year.

The nationalized banks are the followers of all policies framed by the RBI according to Government's economic policy. Therefore all nationalized / commercial banks are the main contributor for the banking business covered by them about 69% of the total business.

However, it is true, nationalized bank has to follow the RBI's policy in regards to advances and loan to priority sectors according to Central Government's policy.

The growing advances off course create the stress on whole system from start to the end at Recovery management

The policy of the loans and advances to Priority sectors should be restructured by government and by RBI from route level to final stage. The responsibility should be fixed at every level in the bank organization and at customer level.

If we look at the NPA positions, we can say that bank organization has to take sincere efforts during the every process of advances. The promptness for reporting and follow-up will resulted in to improvement in the system and financial growth.

The professional approach required by the banks and their staff towards to advances during the whole process especially in recovery process.

The growing figures of the Non performing assets adversely affect on –

Employee's behavior and their moral as they automatically demoralize in spite of growth of the business and income, result on the final results shows loss of efforts and profit, due to NPAs.

Specially members of the recovery management of the bank held and found irresponsible even though it is known to every elements that they are the follower of orders. But their sincere efforts can change the positions in to prevent the drain of profits and efforts. It is observed in 4th chapter finally that RBI's policies/guidelines affect on performance of Recovery Management, positively.

Finally, it is a common responsibility of every factor and element who are the contributor of this loss in form of NPA. The first and foremost the all borrowers should consider the repayment of capacity prior to borrowing the funds form bank and must plan systematically repayment schedule.

Bank officers have responsibility to point out the borrowers regarding their repayment capacity instead of merely tanking in to consider the security and surety of the borrower.

The researcher, hope the suggestions ahead are definitely useful to the bank organization for minimizing actual NPA and improving the recovery and financial strength of the bank as well as nation.

Suggestions

For effective and efficient recovery of loans, the bank may take following steps:-

- A) Preventive Steps
- B) Detective Steps
- C) Corrective Steps

Preventive Steps

- ⊕ Effective Market intelligence
- ⊕ Periodical dialogue with the borrower

- ⊕ Stringent scrutiny of financial proposal
- ⊕ Control over excess drawings / overdrafts prior to overdrawn it.
- ⊕ **Periodical evaluation of securities**
- ⊕ Continuous watch over financial operations of the borrower
- ⊕ Continuous vigil over the operation of borrower's account
- ⊕ Compliance of pending audit
- ⊕ Pre and Post sanction periodic inspection

Detective Steps

- ◆ Look for pressure on accounts
- ◆ Unauthorized excesses
- ◆ Watch on change in turnover
- ◆ Watch on overdue bills
- ◆ Irregularity in operations
- ◆ Discounting of bills
- ◆ Application for loans to other banks
- ◆ Unpaid cheques in or out
- ◆ Periodic valuation of assets of the borrower

Corrective Steps

- ⊞ Discussion with the borrower if any problem exists.
- ⊞ Obtaining secret information about the unit financed regularly.
- ⊞ Carrying out SWOT analysis of the account
- ⊞ Frequent Visits to the premises of the borrower
- ⊞ Check for availability of additional security.
- ⊞ Initiating speedy and firm action in case of default.

Scope for further research study-

Most of the corporate bodies investing their funds in capital market in variety of investments. Banks are not exceptions. Investment, which not generating the income, (N.P.I.) Non Performing Investments, may be an important area for study.

There is Need of special or specific soft skill training programme for bank employees. It may an important and main area of research which might be helps for further possible improvements in Recovery management of the bank organizations.