PREFACE

Banking is a sheer economic instrument to drive away poverty and to shed measures for socio-economic development. Once banking was confined to the class, has now, brought in its ambit the mass through nationalization initiated by the Government of India. Branch network covered hitherto uncovered area; tapped deposits from surplus income people including myriad ones, otherwise become a source for spurious consumption and deployed credit for production-oriented economic activities are the main measures. The achieved performance quantitatively, not in tune to the expected quality, led to New Economic Policy with reforms in the banking sector.

Non-performing assets which was first realized in early 1990s, they, now, assumed great importance accounting over ₹ 150000 crore in banking sector. These non-performing assets reflect the quality of loans made by banks. Now, it is increasingly evident that they need to take the strategic initiatives to reduce the magnitude of non-performing assets in time bound. This situation raises a concern in the banking industry and academia, because the non-performing assets, generally felt, not only reduce the profitability but also weaken the financial health and erode the solvency of commercial banks. If this melody continues, it becomes a sinking ship in the whirl-full nature of current competitive sea.

To acclaim the defined purpose and pace progress in an orderly approach, a bank has to undertake the quality business operations with prudential norms and professional management in ever-changing competitive environment. It is imperative. A significant stride in quantitative terms has been achieved by the commercial banks but their performance coupled with mounting overdues which push its operations into no
viability. For making the banking operations more effective yielding better working results and achieving high managerial efficiency, a bunch of norms were recommended by the Narasimham Committee under the nomenclature of 'reform'.

The implementation of these norms has also completed about a period of two decades, yet the banking sector has been facing the alarming threat from non-performing assets. It is a right time to diagnose the achieved results of commercial banks under the reforms which disclose the causes of and reasons for such state of affairs. The present investigation has focused on non-performing assets in commercial banking sector during a nineteen years period from 1991-92 to 2009-10.

The author feels that it is right time to study the achieved performance in accordance with the prudential norms of the reforms of commercial banks. This has been examined in the present study.

(S.BALAJI NAIK)