

5 year



8%

8%

Coupon  
Rate

10 - ₹100  
year  
GOI

10%

Absolute Return

$$\frac{\text{Absolute Return}}{\text{Market Price of bond}} \times 100$$

Yield Rate

Basic format  
of a bond

∫

10%

-

Market  
Rate of  
Interest

10%

CRR - 4.5%

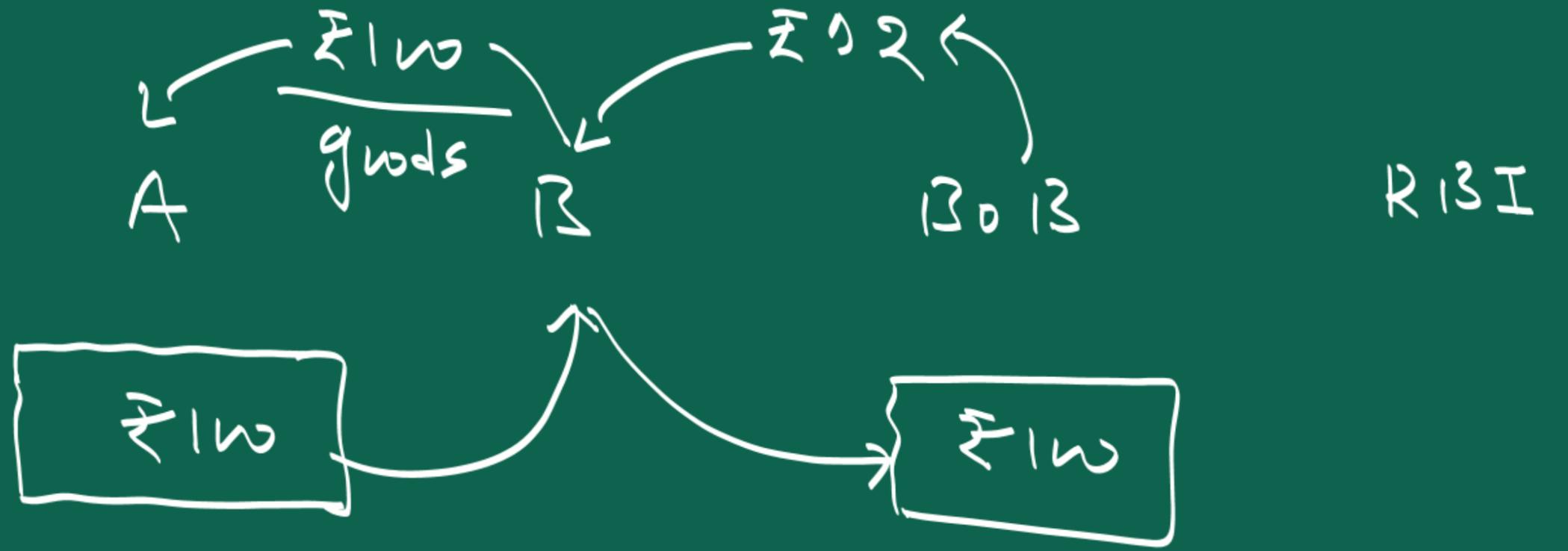
I - CRR



Incremental

10%

May 19 to July 28  
2023  
↑ NDTL



# The Issue of NPAs

(i) Meaning -

SMA - 0

SMA - 1

SMA - 2

(ii) Impact of high NPAs -

(i) The Balance-sheet  
of banks.



(ii) Depositors lose  
trust.



Bank-run will take place



Bank failure

(iii)

TBS



Twin Balance-sheet Syndrome



BS



Large Corporates

BS

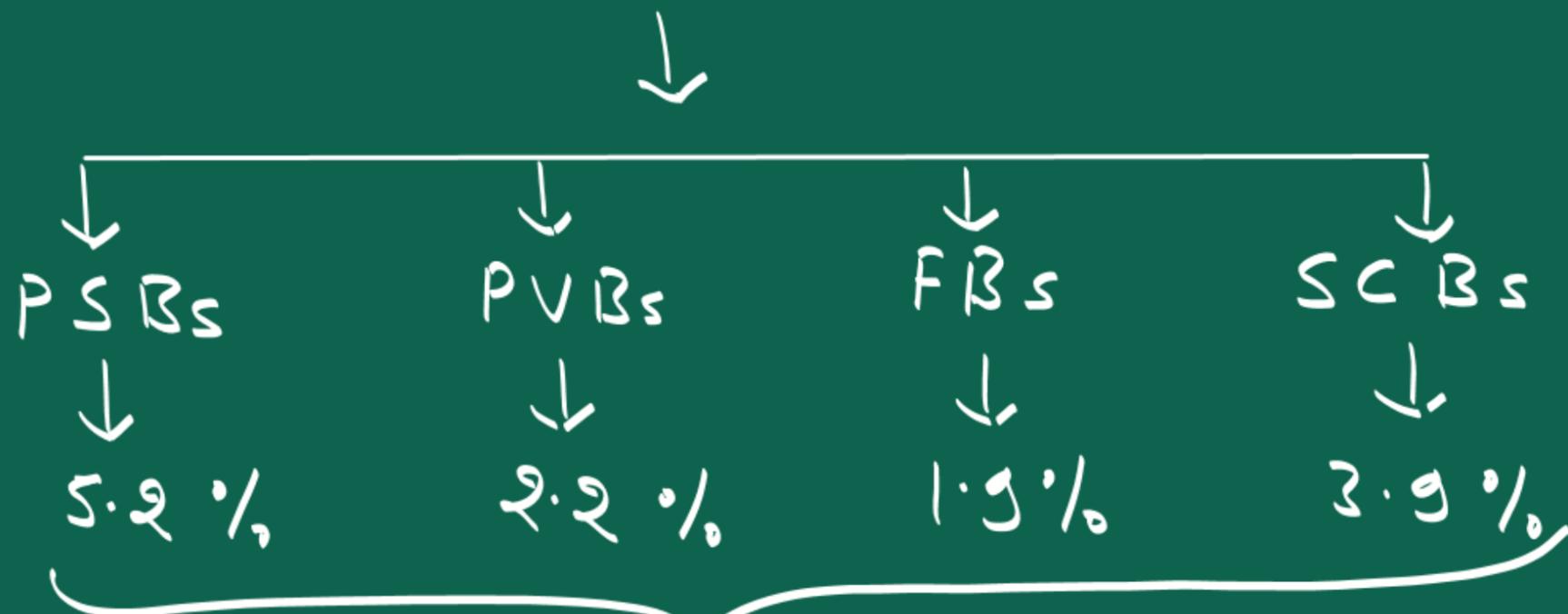


Public Sector Banks



(iv) Present levels of NPA : FSR, June 2023

↓  
Financial Stability  
Report, RBI



GNPA Ratios : March 2023

Gross

Note : They are lowest in the 10-year period.

(V) Recent steps to resolve the issue of NPAs in India -

(i) DRT ——— 1993



Debt Recovery Tribunals

↓  
to look into the cases  
of NPAs/Bad loans of banks  
or financial institutes.

(ii) SARFESI Act ————— 2002



Securitisation & Reconstruction  
of financial Assets & Enforcement  
of Security Interest.



Banks can sell their bad loans/  
NPAs to -

↓  
ARCs = Asset Reconstruction Companies

(iii) PCA Framework — 2002



Prompt Corrective Action



The RBI imposes various restrictions on those banks whose following items deteriorate beyond a certain limit →

(a) CRAR → [↓]

(b) NPA Ratio → [↑]

(c) ROA = Return on Assets [↓]

(iv) JLF ————— 2014



Joint Lenders' Forum



Removed by RBI

(v) SDR ————— 2015



Strategic Debt Restructuring



Removed by the RBI

(vi) SHA 2016



Scheme for Sustainable  
Structuring of Stressed Assets

Removed by RBI

(vii) IBC ————— 2016



Insolvency & Bankruptcy Code



The issue of insolvency is resolved in a time-bound manner in the maximum period of 330 days.

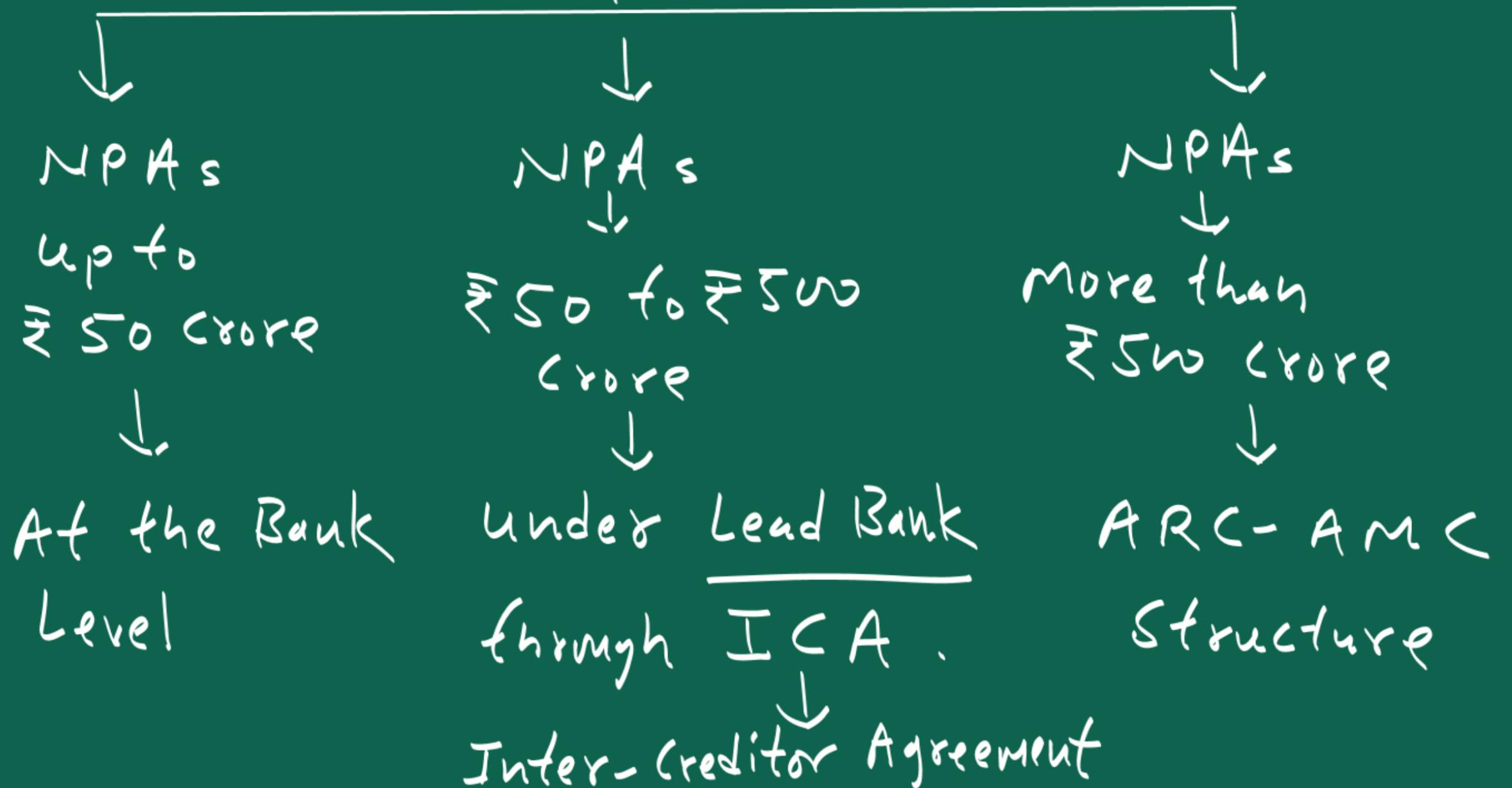
If the issue cannot be resolved in the said time period, then, the business entity is liquidated.

Creditor

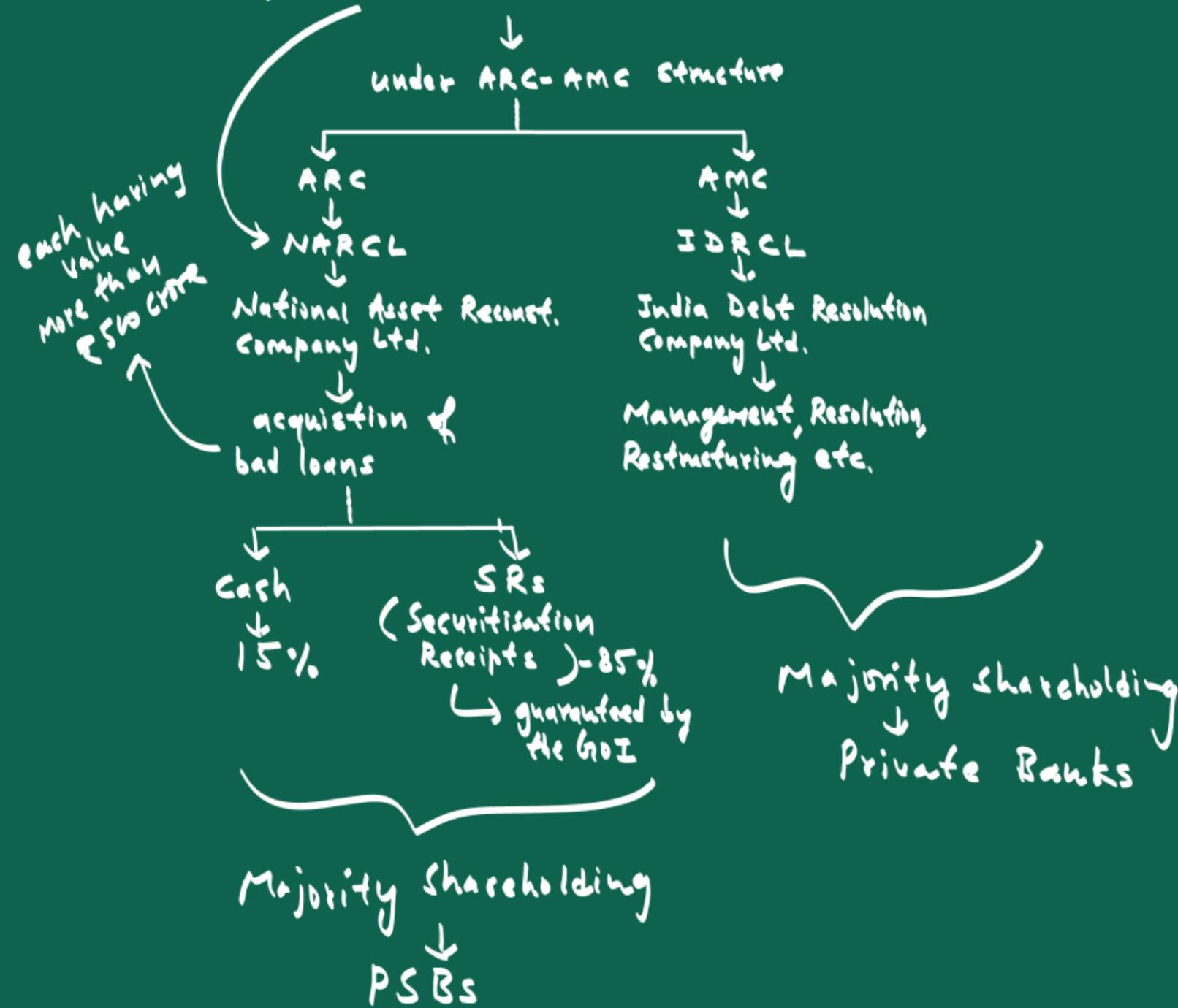
Debtor

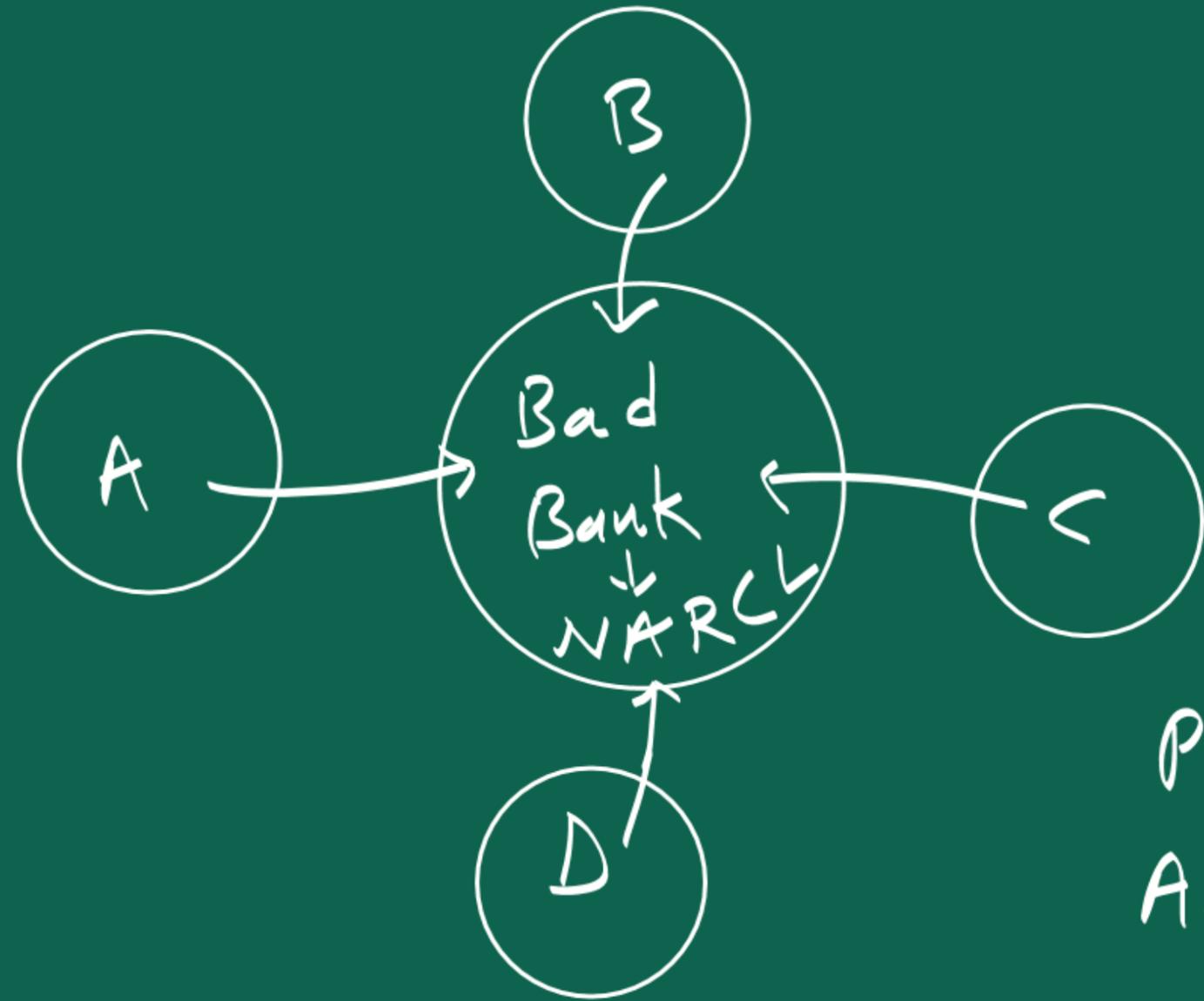
(viii) Project Sashakta ——— 2018

The Sunil Mehta Committee

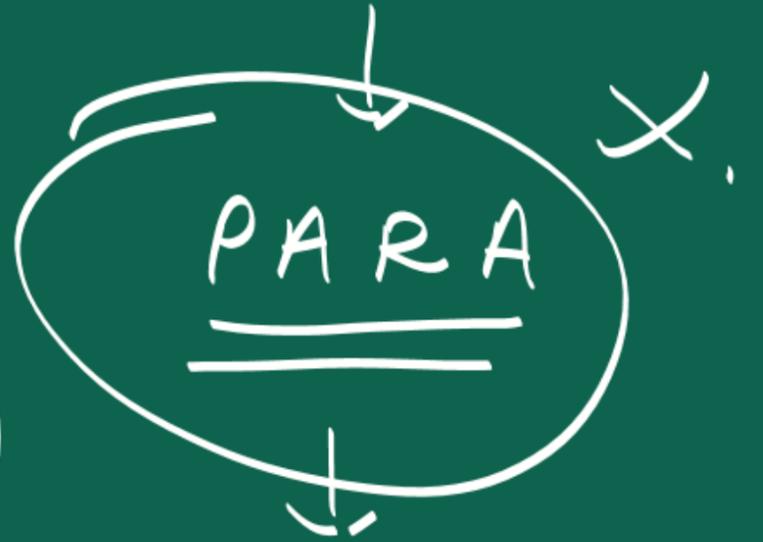


(ix) Bad Bank ——— 2021



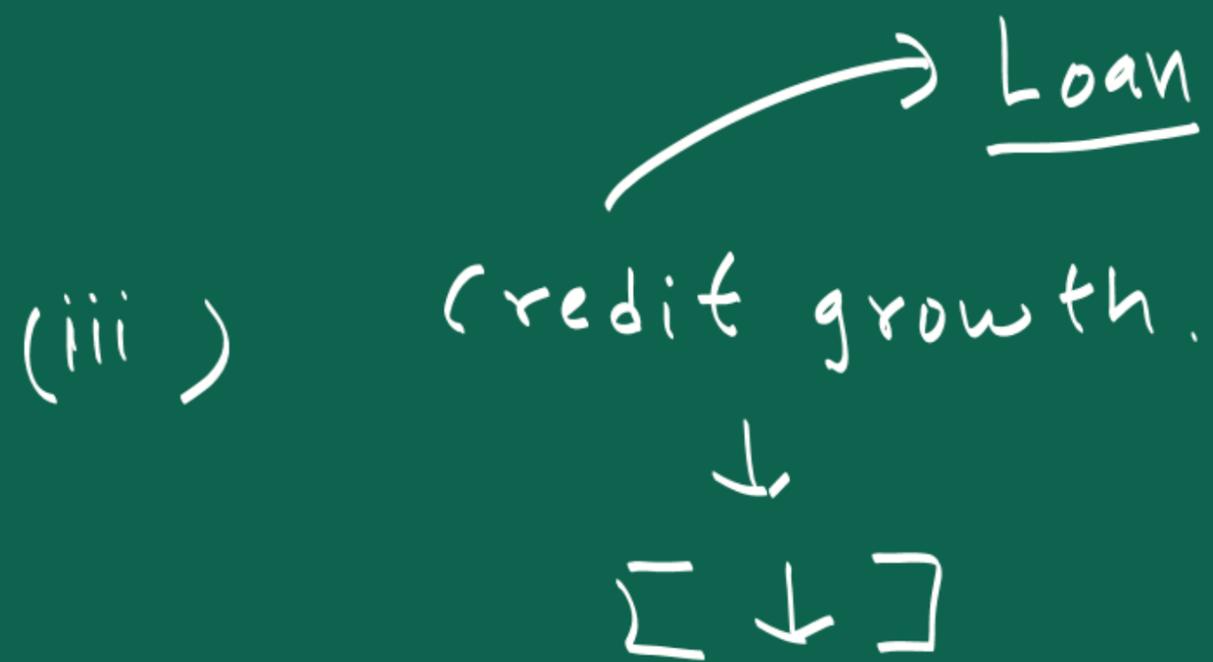


Eco. Survey  
(2016-17)

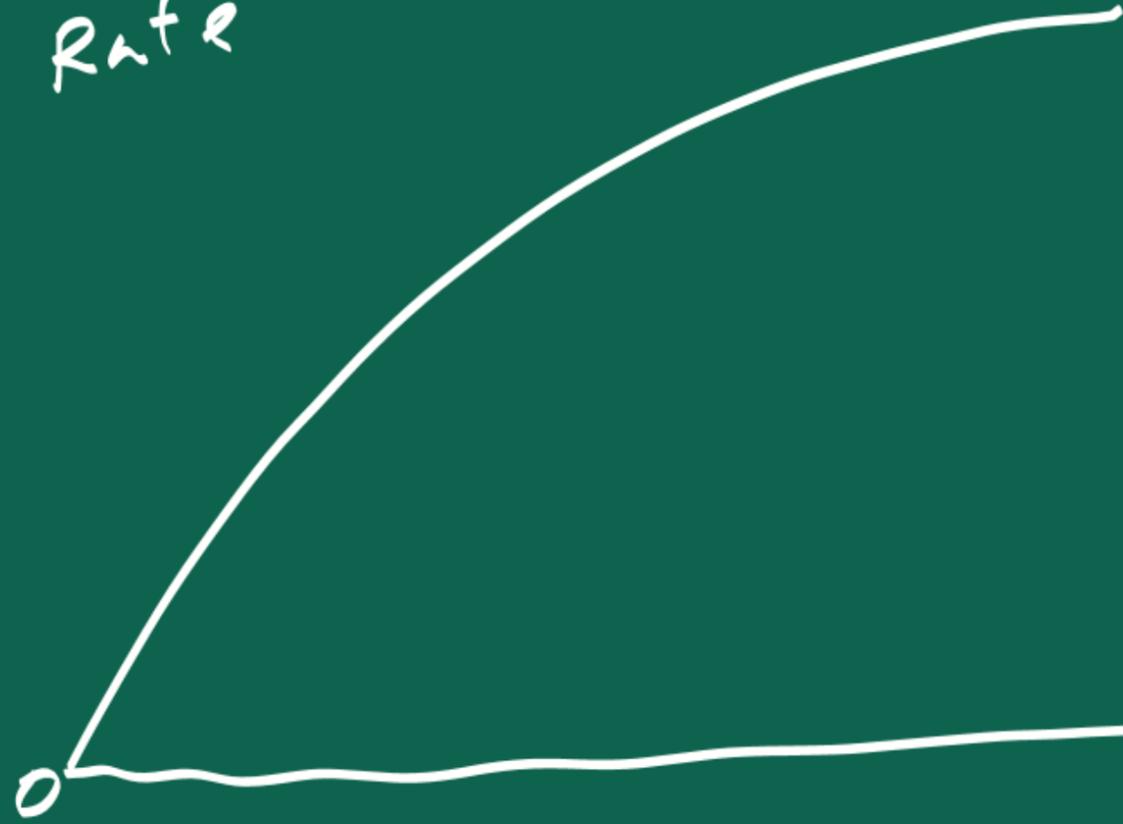


Public Sector  
Asset Rehabilitation  
Agency

Liab.	Assets
	SRs



Yield  
Rate



Time  
period