

ANAND INSTITUTE OF MANAGEMENT
Report on “NPA Management”
22-2-2020

Expert: Mr. Naren Sharma, Chief Manager, HDFC Bank

Non Performing Assets (NPA's) are one of the major areas of concern for the Indian



banking industry. Non-Performing Assets are like a double edged sword. They do not generate any income, whereas, the bank is required to make provisions such as assets. NPAs do not just reflect badly in a bank's account books, they adversely impact the national economy.

As this is a burning topic in banking segment, we organized an expert session on NPA, to get the practical exposure for students. **Below are the few prime takeaways from the session:**

1. Factors considered before granting advances includes working capital cycle, Purpose of the advance, CIBIL score, collateral etc

(Image:Mr. Naren Sharma narrating about NPA)

2. If the client settle the advance after 90 days, it will be considered overdue and name of the client will be listed on CIBIL, tarnishing the reputation.
3. Default will be considered and assets gets converted into NPA categories depending upon the duration, which 90+180 days.
4. Banks sometimes also grants some additional funds to defaulter in order to convert the unit into surviving one, which may make him capable to repay.
5. Granting money to Proprietorship is more risky and risk becomes double if there is no collateral attached.

6. NCLT, DRT and IBC are the bodies taking up the resolution cases of NPA in India.

7. Final resort for NPA resolution is SARFAESI and ARC. There are total 19 ARCs in India, which purchase the collateral and aid in funds.

8. Cost of decree will be reimbursed by charging penal interest from clients.

9. Clients declaring themselves as insolvent, creates no claim right for banks towards them, moreover, declaring the insolvency is not an easy task, it covers huge due-diligence from banking code.



It was less one sided & more interactive session, where speaker motivated to raise doubts, to ask, comprehend the practical aspects related to NPA management. Students were satisfied with the real time question- answer exercise initiated by the speaker.