Non-Performing Assets and Credit Risk Performance: An Evidence of Commercial Banks in India

Authors : Sirus Sharifi, Arunima Haldar, S. V. D. Nageswara Rao

Abstract : This research analyzes the effect of credit risk management practices of commercial banks in India and the relationship with their non-performing assets (NPAs). Required data on credit risk performance was collected through a survey questionnaire from top risk officers of 38 Indian banks. NPA data (period from 2012 to 2016) was collected from Prowess database compiled by the Centre for Monitoring Indian Economy (CMIE). The model was assessed utilizing cross sectional regression method. As expected, the results indicate a negative significant relationship between credit risk management in India banks and their NPA growth. The research has implications for banks given the high level of losses in India and other economies as well, and the implementation of Basel III standards by the central banks. This research would be an evidence on credit risk performance and its relationship with the level of non-performing assets (NPAs) in Indian banks.
Keywords : risk management, risk identification, banks, Non-Performing Assets (NPAs)

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