

A Comprehensive Study of Non-Performing Assets (NPA) with special reference to Solapur Siddheshwar Sahakari Bank Ltd, Solapur.

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Abstract - The proposed research focuses on the problem of Non-Performing Assets (NPA), keeping in view the case of Solapur Siddheshwar Sahakari Bank Ltd., Solapur. NPA plays an important role in the financial position of the banks and has a significant influence on the bank's profitability, liquidity, and loan generation capability. The current research focuses on analysing the trend, reasons, and control over the NPAs of the bank during a certain time frame. The study identifies the internal factors, including credit evaluation system, monitoring system, and recovery process, and external factors, including economic factors and customer behaviour. The present study will also analyse the efficiency of the measures undertaken by the bank in controlling the NPA. The data for the analysis will be gathered from the annual report and other financial documents of the bank.

1. INTRODUCTION

The problem of Non-Performing Assets (NPAs) has taken prominence among the financial institutions, especially in relation to banks. A non-performing asset is basically a loan or an advance wherein the principal or interest payment becomes overdue after a certain period of time. The cooperative banks face a particular challenge of handling NPAs due to their local operation and small financial capability. This paper intends to examine the problems associated with non-performing assets in Solapur Siddheshwar Sahakari Bank Limited, Solapur. This research will attempt to analyze the reasons responsible for the rise of NPA and recovery and management of NPAs by the banks. This research will also shed light on the importance of having efficient credit appraisal system that would reduce the risk of NPA.

2. Body of Paper

Non-performing assets have become one of the important parameters to measure the performance of the bank in question. Non-performing assets have had a marked influence on the financial performance and effectiveness of operations of Solapur Siddheshwar

Sahakari Bank Ltd., Solapur. Since the bank operates among the small and medium borrowers like traders, farmers, and other business organizations, it is bound to face risks in terms of NPAs because the main reason behind non-performance lies in the fact that the bank does not conduct adequate credit appraisal and does not properly evaluate the repayment ability of the borrower.

The factors from outside the banking environment such as economic slowdown, loss from crops, and other changes in market conditions also contribute to the problem. Poor recovery and delay in recovery process have also added to the problem. It can be seen from the study that no proper follow up has been made to recover the amounts. There has also been negligence in legal action against defaulters, and overdue in priority sector loans make bulk of the NPAs.

The measures taken by the bank to reduce NPAs include loan restructuring, drive for recovery, and compromise settlements. These efforts have not met with much success as the operational problems faced by the bank do not allow it to implement its plans fully. Therefore, it becomes imperative for the bank to enhance its internal control mechanism, and improve methods of evaluating the borrowers along with adopting modern risk management techniques.



Fig -1: Figure

3. CONCLUSIONS

The Non-Performing Assets (NPAs) are a major problem for Solapur Siddheshwar Sahakari Bank Ltd., Solapur, affecting their financial stability adversely. The problem analysis shows that poor practices in the bank concerning loan appraisal and monitoring as well as changes in the economy have caused an increase in the Non-Performing Assets. However, the bank has employed many ways of recovering the NPA problem, but the success rate is not satisfactory. It is important for the bank to adopt better risk management and loan appraisal practices to solve the NPA problem. Taking appropriate steps and following up on time can lower down the number of defaults.

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REFERENCES

- 1) The negative influence of NPAs on the profitability and efficiency of work of public sector banks is mentioned in the works of Ashok Kumar Goyal (2025).
- 2) As per Sharma and Verma (2020), a thorough study of NPAs provides the possibility to identify trends and patterns of defaulting behavior and create an action plan.
- 3) The study of Thakur (2025) analyzed NPAs of both private and public sectors in India and stated that public sector banks experience higher levels of NPAs owing to their higher involvement in priority sector lending, infrastructure financing, and other government-led initiatives.
- 4) According to Reddy and Menon (2023), an efficient credit appraisal and constant monitoring of loan portfolios are key for managing NPAs. It was shown that banks with an efficient risk management system experience lower levels of NPAs since regular appraisal

allows identifying stress in accounts and taking corresponding measures.

- 5) The significance of loan recovery techniques, such as restructuring and settlements, is highlighted in the paper of Gupta and Singh (2021). As per this paper, banks with proactive loan recovery activities manage to achieve relatively low levels of NPAs.