I. INTRODUCTION OF THE STUDY

The cooperative credit and banking institutions have been functioning as an important channel for deployment of rural credit and other services, particularly in the rural areas. Through cooperative banks it is possible to reach last man in village. They provide finance to agrarians at low rates of interest, and thereby relieve them from the clutches of the money lender. But any default in repayment of loan, affects operational efficiency and financial health of the bank. So that management of loans is very important in these banks. Banking depends on public trust. The pin problem is recovery management. The unrecovered loan which is termed as Non-performing assets (NPA) is a great headache for the banks. Non-recovery of loans along with interest forms a major hurdle in the process of credit cycle. Apart from raising resources through fresh deposits, borrowings and recycling of funds received back from borrowers constitute a major part of funding credit dispensation activity. Lending is generally encouraged because it has the effect of funds being transferred from the system to productive purposes, which results into economic growth. However lending also carries a risk called credit risk, which arises from the failure of borrower. Non-performing assets are one of the major concerns for banks in India. NPAs reflect the performance of banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves the necessity of provisions (discussed in annexure), which reduces the overall profits and shareholders’ value. This paper deals with understanding the concept of NPAs, its magnitude and major causes for an account becoming non-performing and strategies for managing NPA in Indian banks. The best indicator for the health of the banking industry in a country is its level of Non-performing assets (NPAs). NPAs are one of the major concerns for banks in India. It reflects the performance of banks. The research study is significant to analyze recovery performance of JCC Bank. Reduced NPAs gives the impression that the bank has strengthened its credit appraisal processes over the years and growth in NPAs involves the necessity of provisions, which bring down net NPA of the CCB, Jaipur.

1) Objectives of the Study

The Broad Objectives of the Paper are

- To understand the conceptual framework of the Nonperforming Assets of the Bank.
- To analyze the position of the Non-performing Assets.
- To analyze recovery performance of JCC Bank.

1) Literature Review

To build conceptual framework for this study literature survey was conducted.

S. N. Bidani (2002) feels that ‘Non-performing Assets are the smoking gun threatening the very stability of Indian banks. NPAs wreck a bank's profitability both through the loss of interest, income and write-off of the principal loan amount itself. In a bid to stem the lurking rot, RBI issued in 1993 guidelines based on recommendations of the Narasimham Committee that mandated identification and reduction of NPAs and reducing NPAs was treated as a 'national priority'.

Gourav Vallabhi, Anoop Bhatio and Saurabh Mishra (2007) explain that the Non-performing assets are considered an important instrument to judge the efficiency and financial health of banks. The level of Nonperforming assets is one of the factors effecting a financial stability and growth of the banking industry. The authors made an effort to find the fundamental factors which impact Non-performing assets of banks. It is that banks’ exposure to priority sector lending reduces NPAs.

Thanker H M and Dubule U S (2010) viewed that the banks can avoid sanctioning loans to the non creditworthy borrowers by adopting certain measures. Banker can constantly monitor the borrower in order to ensure that the amount sanctioned is utilized properly for the purpose to which it has been sanctioned. The banker should get both the formal and informal reports about the goodwill of the customer. If he had already proven as a defaulter then there is no question of sanctioning loan to him. The banker also has to educate the borrowers regarding the effects and consequences of defaulting.

Manish B. Raval , Asst. Professor Lt. M. J. Kundaliya English Medium Mahila Commerce & B.B.A. College Rajkot in his study showed that in Indian banking sector, the situation of NPAs shows the increasing trend. When we compared the NPAs of priority sector, non-priority sector and other sector of nationalized banks and SBI and its' associates, it was found that there is no significant difference in the NPAs of these sectors. The proportion of all components of NPAs in nationalized banks and SBI and its’ associates shows similar situation. The problem of NPA is spreading like poison in Indian banking sector. It is harmful
not only to the banks but also to the whole economy. It is highly required that some measures must be undertaken to curb the problem of NPAs.

Prakash Chandrappa Research Scholar, Department of Economics, Gulbarga University, Gulbarga, Karnataka was of the view that Non-Performing Assets is a chronic melody of banking sector as a result of this study got an idea regarding NPAs. It had been cyclical situation while banks are providing loan and advances to client. Huge backlog of NPAs needs resolution of the earliest as otherwise it can weaken the foundation of entire financial system. To create more conducive recovery climate among the borrowers and profitability of banks through better recoveries, the RBI and the Central Government have initiated several institutional measures, which include Debt Recovery Tribunals (DRTs), Lok Adalats, Asset Reconstruction Companies (ARCs), Corporate Debt Restructuring (CDR) Mechanism, Settlement Advisory Committees (SACs) have also been formed at the regional and head office levels of commercial banks. Furthermore, the banks can also issue notices under SARFAESI Act, 2002 for enforcement of security interest without intervention of the courts.

Vivek Srivastava, Sanjeev Kumar Gupta had a view that NPA indicated the bankers credit risks and efficiency of allocation of sources. The Financial reforms have helped largely to reduce NPA in Indian Bank Industry. His paper attempted to analyze the performance of different banks. To compare the performance of public sector, private sector and foreign banks selective indicators were taken into considerations.

Srinivas K T. Associate Professor, CIMS-B School, Bangalore, India concluded that the banks can avoid sanctioning loans to the non creditworthy borrowers by adopting certain measures. Banker can constantly monitor the borrower in order to ensure that the amount sanctioned is utilized properly for the purpose to which it has been sanctioned. The banker should get both the formal and informal reports about the goodwill of the customer. If he had already proven as a defaulter then there is no question of sanctioning loan to him. The banker also has to educate the borrowers regarding the effects and consequences of defaulting.

MS. Asha Singh Research Scholar, Mewar University, Chittorgarh, Rajasthan wrote that a high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and liquidity of banks. The extent of NPAs has comparatively higher in public sectors banks. To improve the efficiency and profitability, the NPAs have to be scheduled. Various steps have been taken by government to reduce the NPAs. It is highly impossible to have zero percentage NPAs. But at least Indian banks should take care to ensure that they give loans to creditworthy customers.

2) Research Methodology
It is widely accepted fact that the quantity of NPA’s is often associated with bank failures and financial crises in both developing and developed countries. Though various reforms were introduced in India, banks are struggling to face the global challenges ahead. Therefore the present study is undertaken to know the reason for NPA’s.

- **Research Model:**

- **Research Plan:**
The data collected is secondary in nature. The data is taken from the record of the head office of Central Cooperative bank. Originally data is acquired from the members/loanees of bank by the branches of the bank. Data and results are presented in the form of graphs and charts. The project is based on the review of earlier work in the area of overdue and recovery management. Empirical analysis in the paper is based on relevant data and information that are available to throw light on the issue of overdues and recovery management in JCCB. Rural credit relates to credit for agriculture and non-agricultural purposes, the former being the major component. Descriptive research in the form of cross sectional design is adopted.

- **Sample Plan**
For our study, we have considered Non Performing Assets in Jaipur Central Cooperative Bank which include all Gram seva sahakari samitis (GSS)/ Primary Agricultural Cooperative Societies (PACS). Several reputed research journal including research paper, websites, Reports and articles have been used during the study.

- **II. RESEARCH PROCEDURE**
For our study, we have considered Non Performing Assets in Jaipur Central Cooperative Bank. The study is based on secondary data. The paper discusses the conceptual framework of NPA and it also highlights the trends, status and impact of NPA on banks during the period of 8 years i.e. from 2009 to 2016. Several reputed research journal including research paper and articles have been used by the researchers. It covers conceptual aspects of overdues, recovery, prudential norms and non-performing assets (NPAs) that impact on the financial health of banks, Cooperatives Banks, factors contributing for rise in NPAs, impact of NPAs on health of CCBs. It deals with analysis and conclusion covering empirical analysis of NPAs and recovery performance in JCCB. It also deals with recovery and NPA management along with macro policy issues including legal changes required for better recovery. Mean, Standard Deviation, Coefficient of variation are used to analyse data. The CV is particularly useful to compare results from two different surveys or tests that have different measures or values. The calculation is done in following way. The first mathematical manipulation to calculate mean is to sum the individual points and calculate the mean or average, which is 37828.43 in case of Loan Outstanding and 1100.65 in case of NPA. The second manipulation is to subtract the mean value from each control value; this term is called the difference score. Individual difference scores can be positive or negative and the sum of the difference scores is always zero. The third manipulation is to square the difference score to make all the terms positive. Next the squared difference scores are summed. Finally, the predictable dispersion or standard deviation (SD) is calculated. Coefficient of Variation = (Standard Deviation / Mean) * 100. The coefficient of variation allows us to
determine how much volatility, or risk, in comparison to the amount of return from investment. In simple language, the lower the ratio of standard deviation to mean return, the better is risk-return trade-off. The mean value characterizes the "central tendency" or "location" of the data.

III. DATA ANALYSIS AND INTERPRETATION

Table: 1. The progress report of the Jaipur Central Cooperative Bank

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Outstanding</th>
<th>NPA</th>
<th>% of NPA to Loan Outstanding</th>
<th>NPA recovery during the year</th>
<th>% of NPA recovery to NPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>17229.67</td>
<td>1959.30</td>
<td>11.37</td>
<td>316.79</td>
<td>16.18</td>
</tr>
<tr>
<td>2010</td>
<td>18692.03</td>
<td>1288.25</td>
<td>6.89</td>
<td>118.33</td>
<td>9.19</td>
</tr>
<tr>
<td>2011</td>
<td>25432.70</td>
<td>948.08</td>
<td>3.73</td>
<td>193.38</td>
<td>20.397</td>
</tr>
<tr>
<td>2012</td>
<td>26719.74</td>
<td>984.95</td>
<td>3.67</td>
<td>216.08</td>
<td>21.938</td>
</tr>
<tr>
<td>2013</td>
<td>35726.57</td>
<td>925.91</td>
<td>2.59</td>
<td>180.90</td>
<td>19.54</td>
</tr>
<tr>
<td>2014</td>
<td>49625.61</td>
<td>925.62</td>
<td>1.87</td>
<td>171.75</td>
<td>18.56</td>
</tr>
<tr>
<td>2015</td>
<td>50250.62</td>
<td>862.53</td>
<td>1.72</td>
<td>169.02</td>
<td>19.60</td>
</tr>
<tr>
<td>2016</td>
<td>78950.52</td>
<td>910.54</td>
<td>1.15</td>
<td>25.91</td>
<td>2.85 (upto June 2016)</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.12</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.4311</td>
</tr>
</tbody>
</table>

The above table shows the amount of Loan Outstanding, NPA and the percentage of NPA to Loan Outstanding and NPA recovery during the period of 2009 to 2016. The amount of Loan has increased from Rs. 17229.67 lakh in 2009 to 78950.52 lakh in 2016. There was an increase of about 78.18 percent in total Loans. Further, the amount of NPA has decreased from Rs. 1959.30 lakh to Rs 910.54 Lakhs during the same period (2009 to 2016). Total NPA is showing decreasing trend throughout except in the year 2012 when it increased by a small percentage of 3.74. The figures for 2016 are upto June 30, 2016.

This reduction in recovery percentage can be assigned to:
- Typical recovery cases left.
- Unable to write off the long-standing unproductive and irrecoverable debts.
- Continuous addition of new cases.

The percentage of non-performing assets to the total outstanding assets is reducing throughout. The mean average of NPA is 4.12 which depict better NPA management. The standard deviation is 3.4311, which is manageable.

Figure: 1. Jaipur Central Cooperative Bank (total Loan Outstanding vs. Total NPA)

The figure: 1. shows the trend of Loan Outstanding and Total NPA in Lakhs for the period of 8 years starting from 2009 till 2016. The x-axis represent the years i.e. as the period of (2009 till 2016) whereas y-axis represent the amount of Loan Outstanding. We can observe here that the Loan Outstanding is showing an upward trend in all years, whereas Total NPA is showing decreasing trend.

Figure: 2. Jaipur Central Cooperative Bank (Total Loan Outstanding, Total NPA and % of NPA to Loan outstanding)

Figure: 2. shows the increasing total loan whereas NPA and % of NPA to Loan outstanding is decreasing. The x-axis represent the years i.e. as the period of (2009 till 2016) whereas y-axis represent the amount of Loan Outstanding.

Figure: 3. Trends in NPA, % of NPA to loan outstanding and NPA recovery

The figure: 3. portrays the trend of NPA and NPA to Loan Outstanding in percentage for the period of 8 years i.e. from 2009 till 2016. The x-axis represents the years whereas y-axis represents the NPA. We can observe here that the NPA, % of NPA to loan outstanding and NPA recovery all are showing downward trend from 2009 to June 2016.
Figure 4. % of NPA Recovery to NPA

Figure: 4. portrays the trend of NPA recovery and total NPA in percentages for the period of 8 years i.e. from 2009 till June 2016. The x-axis represents the years whereas y-axis represents the percentage of NPA. We can observe here that the percentage of NPA recovery has been showing different trends. It increased a bit from 2010 to 2011, 2011 to 2012 and 2014 to 2015. Rest of the time the percentage of recovery is reducing. The figures for 2016 are up to June 30, 2016. Non-performing assets to total outstanding assets and its trend:

Here Non-performing assets of last eight years are taken into consideration. The following table explicates the trend of outstanding assets and non performing assets.

Table 2. Analysis of Non-performing assets and its trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Outstanding</th>
<th>Percentage</th>
<th>NPA</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>17229.67</td>
<td>00</td>
<td>1959.30</td>
<td>00</td>
</tr>
<tr>
<td>2010</td>
<td>18692.03</td>
<td>8.49</td>
<td>1288.25</td>
<td>-34.24</td>
</tr>
<tr>
<td>2011</td>
<td>25432.70</td>
<td>36.06</td>
<td>948.08</td>
<td>-26.41</td>
</tr>
<tr>
<td>2012</td>
<td>26719.74</td>
<td>5.06</td>
<td>984.95</td>
<td>3.89</td>
</tr>
<tr>
<td>2013</td>
<td>35726.57</td>
<td>33.71</td>
<td>925.91</td>
<td>-5.99</td>
</tr>
<tr>
<td>2014</td>
<td>49625.61</td>
<td>38.90</td>
<td>925.62</td>
<td>-0.31</td>
</tr>
<tr>
<td>2015</td>
<td>50250.62</td>
<td>1.26</td>
<td>862.53</td>
<td>-6.82</td>
</tr>
<tr>
<td>2016</td>
<td>78950.52</td>
<td>57.11</td>
<td>910.54</td>
<td>5.57</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td></td>
<td>370.935</td>
<td></td>
</tr>
<tr>
<td>Standard deviation</td>
<td></td>
<td></td>
<td>0.55</td>
<td></td>
</tr>
</tbody>
</table>

The above table depicts outstanding assets of the bank and corresponding nonperforming assets from total outstanding assets. The total outstanding assets have increased every year. For the year 2015-16 the bank has witnessed greatest increase in its outstanding assets which indicates better loan disbursement. The nonperforming assets have decreased leaving aside 2012 and 2016 which is a good sign for the bank.

Table 3 Difference in percentage of performing assets and non-performing assets than previous

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of performing assets</th>
<th>Difference</th>
<th>Percentage of non-performing assets</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>88.63</td>
<td>--</td>
<td>11.37</td>
<td>--</td>
</tr>
<tr>
<td>2010</td>
<td>93.11</td>
<td>4.48</td>
<td>6.89</td>
<td>-4.48</td>
</tr>
<tr>
<td>2011</td>
<td>96.27</td>
<td>3.16</td>
<td>3.73</td>
<td>-3.16</td>
</tr>
<tr>
<td>2012</td>
<td>96.31</td>
<td>0.04</td>
<td>3.69</td>
<td>-0.04</td>
</tr>
<tr>
<td>2013</td>
<td>97.41</td>
<td>1.1</td>
<td>2.59</td>
<td>-1.1</td>
</tr>
<tr>
<td>2014</td>
<td>98.13</td>
<td>0.72</td>
<td>1.87</td>
<td>-0.72</td>
</tr>
<tr>
<td>2015</td>
<td>98.28</td>
<td>0.15</td>
<td>1.72</td>
<td>-0.15</td>
</tr>
<tr>
<td>2016</td>
<td>98.85</td>
<td>0.6</td>
<td>1.15</td>
<td>-0.57</td>
</tr>
</tbody>
</table>

The above table evaluates the difference in percentage of performing and non-performing assets from 2009 to 2016. This table clearly explicates the increase in performing assets from 88.63 to 98.85. On the other hand, the non-performing assets are decreasing year after year.

1) Results & Discussion:
The study disclosed that average growth rate of Non-performing assets by considering the difference in the percentage of growth over the years is -0.57 which is a bit higher compared to last year as complete data is still awaited of this year. Seeing the figure it can be said that it is reducing and is very low and manageable. The study found that the co-operative bank is very consistent in management of Non-performing Assets as it shows very low coefficient of variation. The total outstanding loan was increased to 78.18 percent (From Rs. 17229.67 lakhs to Rs. 78950.52 lakhs) which is very positive sign. From the study it is found that the bank is steadily increasing its performance assets which should be effectively maintained. The amount of NPA has decreased from Rs. 1959.30 lakh to Rs 910.54 Lakhs during the same period (2009 to 2016). The percentage of NPA...
recovery has been showing different trends. It increased a bit from 2010 to 2011, 2011 to 2012 and 2014 to 2015. Rest of the time the percentage of recovery is reducing. The NPA management of the Jaipur Central Cooperative Bank was found too well during the period of the study. The bank takes care of its Non-performing assets well. Apart from this Net NPA of the bank found almost Zero during the period of the study. That means the bank maintained enough provision against the NPA.

3) Suggestions/Recommendations:

The bank is managing its performing and non performing assets very well. But the reduction in recovery percentage needs to be taken care of. For successful management of recovery planning a time-bound programme involves the following steps:

- Timely issue of demand notices for raising demand for recovery.
- A well planned recovery campaign to be initiated well before due dates and recovery machinery fully geared up at the time of harvesting of crops.
- The terms of recovery drive to be maintained throughout the year instead of initiating it towards the end of the year.
- There must be regular follow-up with the customers and it is the duty of banker to ensure that there is no diversion of funds. This process can be taken up at regular intervals.
- Personal visits should be made after sanction and disbursal of credit and further close monitoring of the operations of the accounts of borrowed units should be done periodically.
- Frequent discussions with the staff in the branch and taking their suggestions for recovery of dues are required.
- Assisting the borrowers in developing his/her entrepreneurial skill will not only establish a good relation between the borrowers but also help the bankers to keep a track of their funds.
- If the delinquencies are due to reasons beyond the control of borrower which are namely draughts, floods, or other natural calamities, the banker should suitably restructure the loans taking into account the genuine difficulty of the borrowers.
- As concern to future feasibility of the banks provision is necessary. It is advisable for the bank to classify the assets according to the prudential norms of Reserve bank of India and keep aside prescribed amount of provision as a reserve to future likelihood of bank concern.
- The bank has to maintain strong relationship with the clients and conduct recovery camps for the effective recovery of loans.
- The bank should provide training and awareness programmes regarding the repayment of loans, effective use of funds, repercussions of non-payment etc., for effective utilization of available funds and for smooth recovery.

IV. LIMITATIONS

- The study is based on the data of past 8 years only.
- As secondary data is used all through, the real problems may not be incorporated.
- The study was restricted to only one co-operative bank and its branches.

✓ The study could have used many statistical tests like t-test, f-test etc.

Scope of Future Research:

The study on "management of nonperforming assets in Jaipur Central co-operative bank," provides enough inputs for further research. The study was conducted to know the status on nonperforming assets in a co-operative bank and to get a fair idea how the agricultural co-operative bank manages its NPA's. The study conducted was successful in knowing the status of NPA in a co-operative bank. Further, the study can be extended into a major study with increase in the sample size. A particular research can be made particular district or state to know the status of NPA in co-operative societies of that region. A comparative study can be made with one or more cooperative societies and with one or more commercial banks with respect NPA management. The comparative study can also be made with a rural co-operative society with urban co-operative society. The study can be further extended to know why people make default in repayment.

V. CONCLUSION

Management of non-performing asset is a fundamental challenge for every bank. The banks must see that whatever the funds disbursed must be recovered with an added effect. If not the banking business will not reach its objective and will be far away from its sustenance. Apart from commercial banks the co-operative banks usually confront higher degree of risk in converting the loan assets into performing assets. Since, the cooperative banks are established to cover rural areas and where majority of clients are poor, the recovery management becomes a laborious task and it is proved from the study undertaken to assess the management of nonperforming assets in a co-operative society. Jaipur Central co-operative bank operates in rural as well as urban areas, in spite that the bank has shown tremendous growth in its banking transactions. This is the crystal indication that bank has made its efforts to reach the rural people who do not have access to banking facility. The banks NPA's have decreased over the years. The study has also found that the co-operative bank is consistent enough in managing the nonperforming assets. Effective management of Non-performing Assets manifests the financial health of the banks. The bank should always see that all its nonperforming assets are within the controllable mark. The bank is following strictly the strong prudential norms implemented by Reserve Bank of India with regard to disbursement and recovery. This is helping the bank to stop the asset turning into non-performing asset. The study observed that there is increase in advances over the period of the study. The decline in ratio of NPAs indicates improvement in the asset quality of JCCB. It is found on the basis of analysis that there is significant improvement in the management of nonperforming assets of the bank. As NPA plays an important part in profitability and performance measurement of a bank so a bank should always have a control over it according to the findings, the percentage of recovery of JCCB is reducing so it requires efficient recovery management. Hence even though the NPA during the last eight years has not increased, it still remains a big challenge when it comes to recovery of bad loans. The drought conditions and reducing water conditions in Rajasthan faced is an important reason for reducing recovery percentage. It should be managed to maintain a healthy and viable banking
environment. The increase in absolute recovery of NPA indicates the real efficiency of credit risk management. The Bank is taking pro-active measures to control Non-Performing Assets by following the right legal and diplomatic ways to recover the same.

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