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An Effectiveness Assessment of Preventive Management Strategies in order to Manage Non Performing Assets in Indian banks: A Case Study

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Abstract

There are two kinds of strategies to control Non Performing Assets i.e. curative and preventive. The paper is an attempt to focus on the effectiveness of various preventive strategies in controlling NPA in future.For this study primary data have been collected from 82 branches out of 138 branches of Sagar District in Madhya Pradesh of India. The respondents are the branch managers or recovery officer of each branch.The primary data are related to the causes of NPA, actual usage of preventive measures and effectiveness of each preventive strategy. It highlights few new causes which are barely covered by the earlier researches. The study also represents the actual usage of various preventive measures along with the effectiveness of preventive measures in averting NPA to be occurred in future. The outcome of this study could provide a valuable insight about which strategy is more effective to prevent these stressed assets. Besides that, it could aware the banking authorities regarding the problems faced by the managers in using the preventive measures.

Keywords: Non-Performing Assets (NPA), Preventive Management Strategies, Non-Parametric Tests, Early Warning Signals (EWS), Demonstration Effect on NPA.

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