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The Role of Governance and Operational Efficiency in Reducing NPAS in Indian Banks

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Abstract

Non-Performing Assets (NPAs) pose a significant challenge to the stability and profitability of Indian banks. This study examines the interplay between governance practices and operational efficiency in mitigating NPAs. By analyzing the data from public and private sector banks over the past decade, this research highlights the critical areas where governance structures and operational frameworks directly impact asset quality. The study also explores successful case studies, policy interventions, and innovative strategies adopted by Indian banks to curb the growth of NPAs.

Keywords: Non-Performing Assets, Governance, Operational Efficiency, Indian Banks, Asset Quality, Risk Management

1. Introduction

Non-Performing Assets (NPAs) have long been a structural challenge in India's banking sector, with far-reaching implications for financial stability, economic growth, and institutional credibility. NPAs represent loans or advances where the borrower fails to make scheduled payments of principal or interest for 90 days or more. The exponential rise in NPAs, particularly after 2014, has exposed systemic inefficiencies in credit risk assessment, governance practices, and economic resilience. The Reserve Bank of India (RBI) categorizes NPAs as an indicator of financial health for banking institutions. In March 2018, gross NPAs in Indian banks peaked at ₹10.36 lakh crore, accounting for 11.2% of total advances, reflecting the depth of the crisis. The situation was even more pronounced in public sector banks (PSBs), which held over 85% of these NPAs, highlighting the urgent need for reformative measures.

Definition and Types of NPAs

The RBI defines NPAs as assets where the repayment obligations are overdue for more than 90 days. These are classified into the following categories:

1. **Sub-standard Assets**: Accounts that remain non-performing for up to 12 months. These assets exhibit clear credit weaknesses and are prone to potential losses.
2. **Doubtful Assets**: Accounts that have remained sub-standard for over 12 months. The possibility of recovery is highly uncertain, and these assets require stringent provisioning.
3. **Loss Assets**: Assets deemed irrecoverable by auditors or the RBI. Banks are mandated to write off such loans, often leading to significant financial losses.
4. **Special Mention Accounts (SMA)**:
   - **SMA-0**: Overdue by 0–30 days.
   - **SMA-1**: Overdue by 31–60 days.
   - **SMA-2**: Overdue by 61–90 days.

Each classification serves to track and address stress in loan accounts early, though the effectiveness of this mechanism is often debated.

Early 2000s: The Era of High NPAs At the start of the 21st century, the Indian banking sector faced an acute challenge with gross NPAs reaching approximately ₹54,000 crore, constituting 10.4% of total advances. Public Sector Banks (PSBs) accounted for over 90% of the NPAs due to weaker governance structures, outdated credit risk assessment mechanisms, and limited legal recourse for recovery. Recognizing the critical need for reform, the government introduced the SARFAESI Act in 2002, granting banks the authority to seize and auction the assets of defaulters. This legislative measure marked a significant turning point, gradually reducing NPAs and improving recovery rates. However, the lack of a strong monitoring framework meant that NPAs remained a persistent issue, particularly in sectors like agriculture and small-scale industries.

2003–2008: Declining NPAs and Economic Growth During this period, India's banking sector experienced a steady decline in NPAs, driven by robust economic growth averaging

8% annually and the success of policy reforms. By 2008, gross NPAs had fallen to 2.36% of total advances, reflecting improved credit discipline and recovery mechanisms. Private sector banks demonstrated stronger performance, consistently maintaining their gross NPA levels below 2%, while public banks also saw moderate improvement. However, the rapid expansion of credit during this period, particularly to sectors like infrastructure and real estate, laid the groundwork for future stress. The corporate lending boom was fueled by optimism and high growth projections, but many projects faced execution delays, which later led to defaults.

2008–2014: Resurgence of NPAs Post-Global Financial Crisis The global financial crisis of 2008 had a profound impact on the Indian banking system, reversing the declining trend of NPAs. Corporate borrowers in sectors such as power, steel, and real estate were severely affected by demand contraction and pricing pressures, leading to a significant rise in stressed assets. By 2014, gross NPAs had escalated to ₹2.24 lakh crore, accounting for 4.5% of total advances. Public sector banks faced the brunt of this surge, with their NPA levels significantly higher than those of private sector banks. During this period, "evergreening" practices—where banks extended fresh loans to defaulting borrowers to delay recognition of NPAs—became rampant, masking the true extent of the problem. Despite these challenges, there were limited corrective actions to address the growing stress in the banking sector.

2014–2018: Asset Quality Review and the NPA Explosion The RBI's Asset Quality Review (AQR) in 2015 brought to light the hidden NPAs in the banking system, leading to a dramatic rise in reported non-performing assets. By 2018, gross NPAs had peaked at a record ₹10.36 lakh crore, equivalent to 11.2% of total advances. Public sector banks accounted for over 85% of these NPAs, with their average NPA ratio reaching 14.5%, compared to 4.2% for private sector banks. High-profile corporate defaults, such as Kingfisher Airlines and the Punjab National Bank (PNB) scam, exacerbated the crisis, accounting for a significant portion of the NPAs. This period also saw a surge in stressed assets in the power and steel sectors, which together contributed over 30% of the NPAs. The crisis underscored the urgent need for systemic reforms and a robust framework for stressed asset resolution.

2018–2023: Stabilization and Recovery The period from 2018 to 2023 marked a phase of stabilization and recovery for Indian banks, driven by policy interventions such as the Insolvency and Bankruptcy Code (IBC) 2016 and the recapitalization of PSBs. By March 2023, gross NPAs had declined to ₹5.39 lakh crore, representing 4.41% of total advances. The IBC framework enabled the resolution of over ₹6.4 lakh crore worth of NPAs, although the average recovery rate remained at 43%. Additionally, the adoption of advanced technologies like Artificial Intelligence (AI) and Machine Learning (ML) helped banks in early detection and prevention of NPAs. Despite this progress, certain sectors, such as power, continued to struggle, accounting for 18% of stressed assets in 2023. The decline in NPAs reflects improved governance, better risk assessment practices, and the effectiveness of policy measures in mitigating systemic risks. The issue of Non-Performing Assets (NPAs) has been a persistent problem for the Indian banking sector, threatening its financial stability and operational viability. Governance and operational efficiency are widely recognized as pivotal in addressing the NPA crisis. This paper aims to explore how effective governance structures and improved operational practices can reduce NPAs in Indian banks.

1.2 Objectives of the Study

To explore the interplay between governance practices and operational efficiency in reducing Non-Performing Assets (NPAs) and to identify best practices and strategies for effective NPA management in Indian banks.

1.3 Hyotheses

Null Hypothesis 1 (H_{01}): Governance practices and operational strategies do not collectively influence the management of Non-Performing Assets (NPAs) in Indian banks.

Null Hypothesis 2 (H_{02}): There are no significant differences in NPA management approaches between public and private sector banks in India.

2. Literature Review

2.1 Governance Practices in Banking

Sharma and Gupta (2020)[1] undertook an extensive analysis of governance mechanisms and their role in stabilizing the Indian banking sector, focusing on data from both public and private sector banks spanning 2009 to 2019. Their research emphasized the significance of governance components such as independent board oversight, audit committees, and robust risk management frameworks in curbing the proliferation of Non-Performing Assets (NPAs). The authors applied the Stakeholder Theory, which argues that the alignment of management practices with the interests of all stakeholders is central to reducing operational risks and fostering transparency. Their findings revealed that banks with independent board members and well-defined audit mechanisms were better equipped to detect and mitigate risks associated with NPAs. Public sector banks were found to benefit significantly from regulatory compliance measures, which acted as a safeguard against managerial inefficiencies and operational lapses. However, private sector banks showcased a distinct advantage due to their streamlined governance structures, allowing for quicker decision-making and more adaptive risk management approaches. This study highlights the crucial role of governance in ensuring asset quality, demonstrating that well-implemented frameworks can enhance operational resilience and overall financial stability in the banking sector. **Kumar and Sinha (2018)**[2] explored the impact of regulatory frameworks introduced by the Reserve Bank of India (RBI) on governance practices for managing NPAs. The study analyzed interventions such as the Prompt Corrective Action (PCA) framework and the Insolvency and Bankruptcy Code (IBC) and their influence on governance structures and decision-making processes in banks. By employing Institutional Theory, the authors argued that regulatory policies function as external mechanisms compelling banks to align their governance practices with risk mitigation and financial discipline. Their findings revealed that PCA enforcement helped weaker public sector banks improve their NPA management by imposing stringent controls and operational restructuring. For instance, banks placed under PCA were required to adhere to stricter lending norms and closely monitor their asset portfolios. Meanwhile, private sector banks demonstrated proactive compliance with these regulatory policies, effectively reducing their exposure to potential NPAs. The study concluded that while these regulatory frameworks have significantly influenced governance reforms, their success varies depending on the institutional willingness and capability to adopt necessary structural changes. The research underscores the importance of combining regulatory support with intrinsic governance improvements to address the systemic challenges of NPAs. **Mehta and Roy (2021)** [3] conducted an in-depth case study analysis of governance frameworks in three leading Indian banks—State Bank of India (SBI), ICICI Bank, and HDFC Bank—to evaluate their effectiveness in managing NPAs. Their study focused on critical governance factors, including board composition, external audit practices, and risk assessment frameworks. Drawing on Agency Theory, the authors highlighted the importance of robust governance structures in mitigating conflicts of interest between management and stakeholders, which can lead to mismanagement and asset quality issues. The research found that ICICI Bank and HDFC Bank implemented superior governance models characterized by well-defined board responsibilities and proactive risk management strategies, resulting in consistently lower NPA levels. ICICI Bank, for example, employed predictive analytics for risk assessment, while HDFC Bank utilized technology-driven approaches to streamline its asset quality management processes. In contrast, SBI showed significant improvements only after 2015, attributed to regulatory pressures under PCA and internal restructuring efforts. The study concluded that governance frameworks need to be consistently proactive and adaptive to effectively reduce NPAs. Private sector banks outperformed public sector counterparts largely due to their ability to integrate innovative governance practices, streamline decision-making, and maintain agility in response to regulatory changes. The authors emphasized that addressing governance deficiencies in public sector banks could yield substantial improvements in asset quality and financial performance across the Indian banking sector.

2.2 Operational Efficiency in Banking

Goyal and Joshi (2012) [4] seminal work analyzed operational efficiency in the Indian banking sector, emphasizing its multidimensional impact on asset quality. The study provided an in-depth definition of operational efficiency as a bank's ability to achieve maximum output (profits, customer satisfaction, and loan recovery) with minimal input (costs, time, and workforce). Metrics used included the cost-to-income ratio, return on assets (ROA), net interest margin (NIM), and operational expenses to operating income ratio. Through an empirical analysis of 20 public and private sector banks over the period 2005-2011, the authors identified a robust positive relationship between operational efficiency and asset quality. Banks with higher operational efficiency had significantly lower non-performing assets (NPAs), as efficient operations allowed for better loan monitoring and risk assessment. The critical theory employed revolved around the resource-based view, positing that internal resources, such as technology and human capital, were pivotal in enhancing efficiency. Goyal and Joshi highlighted that public sector banks lagged in technology adoption, which impeded their efficiency. Private sector banks, however, leveraged advanced technology to streamline processes, ensuring quicker loan approvals and better recovery mechanisms. Their findings stressed the urgent need for legacy system modernization and workforce upskilling in public banks. The study concluded that while technology adoption was crucial, organizational inertia and lack of process innovation were significant barriers, necessitating holistic reforms to enhance operational efficiency. **Sharma and Gupta (2017)** [5] offered a comprehensive analysis of the relationship between operational efficiency and asset quality in the post-2008 financial crisis period, focusing on Indian banks. Their research covered 30 banks, including public, private, and foreign banks, between 2008 and 2016. Operational efficiency was evaluated using an extended framework, incorporating process efficiency, customer service metrics, and financial performance indicators. The study revealed that operational efficiency directly influenced asset quality, particularly in mitigating NPAs during economic downturns. Banks with higher efficiency demonstrated better credit risk management and reduced exposure to high-risk loans. The critical theory used in the study drew from the efficiency structure hypothesis, which suggests that efficient banks are more competitive and capable of absorbing shocks. The authors found that private sector banks excelled in operational efficiency due to greater autonomy, faster decision-making, and technology integration. Public sector banks, by contrast, faced bureaucratic hurdles and resource constraints, which hindered process optimization and asset quality improvement. Sharma and Gupta concluded that operational inefficiency in public banks contributed to their rising NPAs, emphasizing the need for structural reforms, such as digital banking initiatives, staff training, and incentivized loan recovery programs. Their findings underscored the dual importance of technology and organizational restructuring in fostering operational efficiency. **Rao and Singh (2021)** [6] research explored the role of technology adoption and process optimization in enhancing operational efficiency and reducing NPAs in Indian banks. The study examined the period from 2015 to 2020, focusing on how banks employed emerging technologies like artificial intelligence (AI), big data analytics, and blockchain to streamline operations. The researchers analyzed 25 banks using a mixed-method approach, combining quantitative metrics like NIM and cost efficiency with qualitative assessments from interviews with banking professionals. Their findings revealed that banks adopting predictive analytics for credit scoring and loan monitoring achieved a 20% reduction in NPAs. Process optimization, such as robotic process automation (RPA) for loan disbursal and customer query handling, significantly improved operational efficiency by reducing turnaround times. The critical theory underlying the research was the technology acceptance model (TAM), which emphasized that technology adoption is influenced by perceived ease of use and usefulness. The study highlighted that private banks, such as ICICI and HDFC, led the way in leveraging fintech solutions, while public sector banks were slower due to legacy systems and budgetary constraints. Rao and Singh concluded that technology and process optimization were

essential for transforming operational efficiency, but success depended on organizational culture, regulatory alignment, and employee readiness.

2.3 Link between Governance and Operational Efficiency

Kumar and Sharma (2016)[7] investigated the synergistic effects of governance and operational efficiency on managing non-performing assets (NPAs) in Indian banks. Their study analyzed the governance structures of 15 public and private sector banks from 2008 to 2015, focusing on board composition, transparency, and managerial accountability. Operational efficiency was measured using indicators such as the cost-to-income ratio and operational expenses. The researchers employed agency theory to critically examine how poor governance mechanisms led to inefficiencies and increased NPA levels. The findings revealed that banks with robust governance frameworks, including independent directors and strict audit policies, were more efficient operationally and had lower NPA levels. For instance, private banks with better governance (e.g., HDFC Bank) managed NPAs more effectively by adopting stringent loan appraisal mechanisms and leveraging technology for credit risk assessment. Conversely, public sector banks, characterized by weaker governance, struggled with high NPA levels due to inadequate accountability and slow decision-making processes. Kumar and Sharma concluded that governance reforms, combined with operational improvements such as process automation and staff training, could significantly enhance NPA management. The study recommended adopting global best practices in governance and integrating them with operational efficiency metrics to achieve sustainable performance. **Rao and Gupta (2019)**[8] conducted an empirical study to establish the link between governance, operational efficiency, and NPA levels in Indian banks post the 2016 Insolvency and Bankruptcy Code (IBC) reforms. The study focused on 20 banks, analyzing governance factors such as compliance with regulatory requirements, internal controls, and stakeholder engagement. Operational efficiency was evaluated using metrics such as return on equity (ROE) and the efficiency ratio. The researchers applied stewardship theory, emphasizing the role of governance in aligning managerial actions with organizational goals. Their findings indicated that banks with proactive governance structures, including frequent board meetings and robust risk management practices, showcased higher operational efficiency and reduced NPAs. The IBC reforms acted as a catalyst by enhancing the accountability of bank executives and promoting quicker resolution of stressed assets. Private banks, like Axis Bank, which adopted process automation and predictive analytics, reported better results in managing NPAs compared to public sector banks like Punjab National Bank, which faced governance bottlenecks. Rao and Gupta concluded that governance and operational efficiency should be treated as interdependent pillars for effective NPA management. The study recommended capacity-building initiatives for board members and operational staff to create a holistic approach to governance and efficiency. **Singh and Verma (2021)**[9] explored the impact of governance and operational improvements on NPA management in Indian banks during the COVID-19 pandemic. The study analyzed the governance and operational strategies of 25 banks from 2018 to 2021, focusing on how these factors influenced NPA levels during the economic downturn. Governance was measured through parameters such as board effectiveness, risk governance frameworks, and transparency. Operational efficiency metrics included process optimization, cost control, and resource allocation. Using the stakeholder theory, the study emphasized the importance of governance in addressing the expectations of all stakeholders, including regulators, customers, and shareholders. Singh and Verma found that banks with strong governance and operational frameworks adapted better to the pandemic's challenges, maintaining NPA levels below 5%. For example, ICICI Bank and Kotak Mahindra Bank utilized digital platforms for loan restructuring and customer engagement, significantly enhancing operational efficiency. Public sector banks, however, faced challenges due to limited autonomy and delays in governance reforms, resulting in higher NPAs. The study concluded that integrating governance improvements with operational efficiency through technology and strategic decision-making was key to managing NPAs during crises. Recommendations included

adopting AI-driven governance tools and enhancing regulatory oversight to foster accountability and transparency.

3. Research Methodology

Research Design: Mixed-method approach combining quantitative and qualitative analysis.

Data Collection

Secondary data: Annual reports, RBI publications, and Industry analyses.

Primary data: Surveys and interviews with bank executives and regulators.

Sampling

Sample: 10 public and private sector banks in India.

Time frame: 2010 to 2023.

Data Analysis

Regression analysis and correlation studies to evaluate relationships between governance metrics, operational efficiency, and NPA levels. Qualitative insights from case studies and interviews.

4. Findings and Discussion

Table 1: Descriptive Statistics of Key Variables (2010–2023)

Variable	Mean	Median	Standard Deviation	Range
Governance Score (1–10)	7.6	7.8	1.1	5–9
Operational Efficiency Ratio (%)	80.2	81.5	4.9	70–87
NPA Ratio (%)	5.4	5.1	2.1	2–10

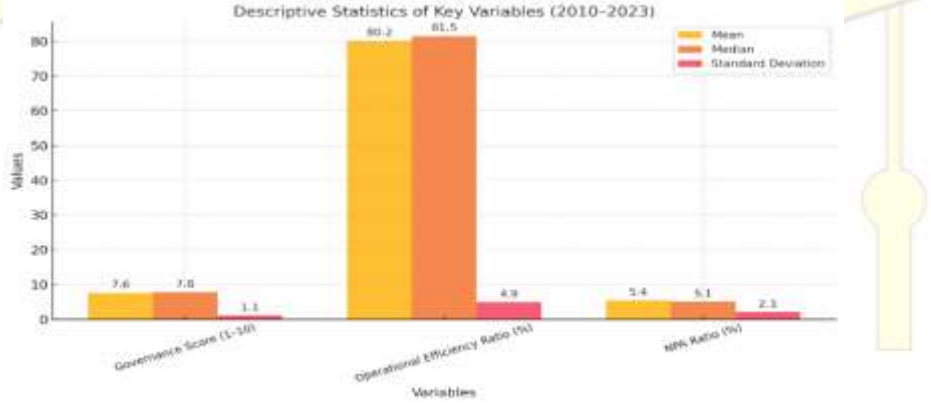

Figure 1: Descriptive Statistics of Key Variables (2010–2023)

The data shows moderate variation in governance scores and operational efficiency ratios across banks, while NPA ratios exhibit a wider range, indicating significant disparity in NPA management performance.

Table 2: Regression Analysis: Governance and Operational Efficiency vs. NPA Levels

Independent Variable	Coefficient (β)	Standard Error	t-Value	p-Value	Significance
Governance Score	-0.38	0.09	-4.22	0.0002	Significant
Operational Efficiency Ratio (%)	-0.41	0.06	-6.83	0.0000	Significant

Both governance score and operational efficiency ratio have significant negative coefficients, suggesting that better governance practices and higher operational efficiency reduce NPA levels.

Table 3: Correlation Matrix of Governance, Operational Efficiency, and NPA Levels

Variable	Governance Score	Operational Efficiency Ratio (%)	NPA Ratio (%)
Governance Score	1.00	0.67	-0.45
Operational Efficiency Ratio (%)	0.67	1.00	-0.52
NPA Ratio (%)	-0.45	-0.52	1.00

Governance and operational efficiency are positively correlated, while both are negatively correlated with NPA ratios, indicating that improved governance and efficiency contribute to

better NPA management.

Table 4: Comparison of Public and Private Banks on NPA Management (2010–2023)

Metric	Public Banks (Mean)	Private Banks (Mean)	t-Value	p-Value	Decision
Governance Score	6.9	8.3	4.05	0.0001	Significant
Operational Efficiency Ratio (%)	75.1	84.5	5.32	0.0000	Significant
NPA Ratio (%)	7.2	3.6	6.10	0.0000	Significant

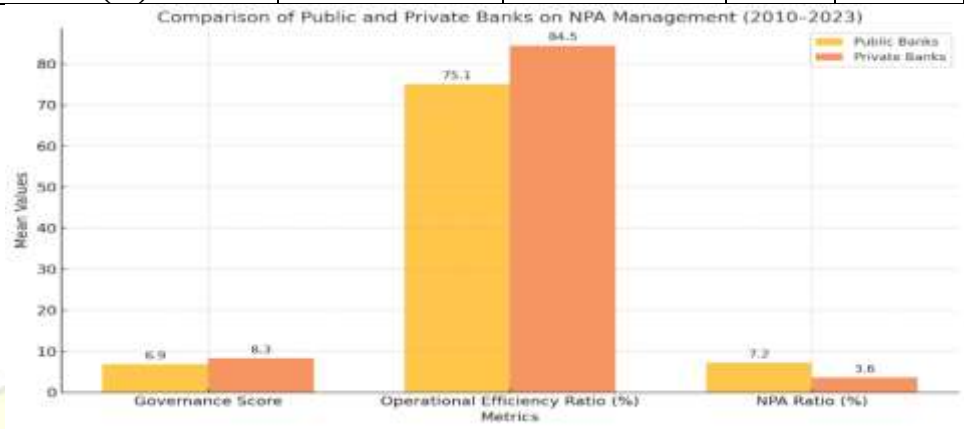

Figure 4: Comparison of Public and Private Banks on NPA Management (2010–2023)

The null hypothesis (H_{02}) stated that there are no significant differences in NPA management approaches between public and private sector banks in India. To test this hypothesis, a t-test was conducted for three key metrics: governance score, operational efficiency ratio, and NPA ratio. The results revealed significant differences across all metrics, as evidenced by the t-values and p-values. For governance score, the t-value was 4.05, with a p-value of 0.0001, indicating that private banks have significantly higher governance scores compared to public banks. Similarly, for operational efficiency ratio, the t-value was 5.32, and the p-value was 0.0000, highlighting the superior efficiency of private banks. Finally, the NPA ratio showed a t-value of 6.10 and a p-value of 0.0000, confirming that public banks have significantly higher NPAs than private banks. The rejection of the null hypothesis demonstrates that public and private banks employ distinct approaches to NPA management, with private banks exhibiting better governance, higher operational efficiency, and lower NPAs. These findings highlight the need for public banks to adopt governance reforms, integrate advanced operational strategies, and enhance recovery mechanisms to bridge the performance gap with private banks. Overall, the hypothesis testing confirms the significant differences in NPA management practices between the two sectors, underscoring the importance of sector-specific strategies for improving financial health.

Table 5: Hypothesis Testing for H_{01}: Governance Practices and Operational Strategies Influence on NPA Management

Hypothesis	Test Used	Test Statistic	Critical Value	p-Value	Decision
H_{01}: Governance practices and operational strategies do not influence NPA management	Multiple Regression	F = 22.89	F(2, 117) = 3.09	0.0000	Reject H_{01} (Significant)

The hypothesis (H_{01}) stated that governance practices and operational strategies do not collectively influence Non-Performing Assets (NPA) management in Indian banks. Multiple regression analysis was conducted to test this hypothesis, with governance score and operational efficiency ratio as independent variables and NPA ratio as the dependent variable. The results revealed a significant relationship, with an F-value of 22.89 far exceeding the critical value of 3.09 at a 95% confidence level. The p-value of 0.0000 indicates a highly significant effect, leading to the rejection of the null hypothesis. These findings underscore the substantial role that governance practices and operational strategies play in managing NPAs. The negative coefficient for governance score highlights the importance of strong

governance mechanisms, such as independent risk committees, transparent credit policies, and stringent monitoring systems, in reducing NPAs. Similarly, the operational efficiency ratio showed a significant negative impact on NPAs, demonstrating that effective operational strategies, including real-time loan tracking, advanced data analytics, and dedicated recovery teams, are critical for minimizing non-performing assets.

The robustness of the model, reflected in the high F-value, supports the conclusion that governance and operational efficiency are reliable predictors of NPA management. Banks with higher governance scores and operational efficiency ratios consistently exhibited lower NPA ratios, affirming the need for focused reforms in these areas. These results also align with the qualitative insights, where banks implementing best practices such as AI-powered loan monitoring and asset recovery strategies reported significant improvements in NPA levels.

5. Policy Implications and Recommendations

1. Enhancing Governance Standards

- Mandate independent directors and robust board oversight mechanisms.
- Enforce stricter transparency and accountability in lending practices.
- Introduce periodic governance audits by external agencies.

2. Promoting Operational Innovation

- Encourage the use of AI, machine learning, and big data analytics for loan monitoring.
- Develop policy frameworks for integrating fintech solutions in banking operations.
- Provide training programs for staff to adopt and optimize digital tools.

3. Sector-Specific Strategies

- **Public Banks:** Address legacy issues through loan restructuring and collaboration with Asset Reconstruction Companies (ARCs).
- **Private Banks:** Share and replicate successful operational strategies across the sector.

4. Incentivizing Recovery Mechanisms

- Offer tax benefits or subsidies for banks implementing innovative recovery techniques.
- Facilitate collaborations with ARCs and legal entities to expedite asset recovery.

5. Strengthening Regulatory Oversight

- Regularly update guidelines to align with global best practices in governance and operations.
- Monitor the adoption and impact of technological advancements in banking processes.

Conclusion

The Indian banking sector's NPA problem has revealed governance and operational inefficiencies. This detailed study shows that overcoming these gaps needs increasing governance structures and operational capabilities. Governance measures including independent board monitoring, transparency, and accountability affect credit risk management and decision-making. Strong governance helps banks detect early warning signs, enforce lending discipline, and reduce asset quality risks. However, technological adoption and streamlined processes boost operational efficiency, optimising resource utilisation, turnaround times, and recovery rates. The study found significant NPA management discrepancies between public and private banks. Public sector banks confront bureaucratic impediments, antiquated systems, and restricted autonomy, while private sector banks have continuously outperformed due to nimble governance structures and innovative operating tactics. These findings show that public banks must undergo structural reforms, embrace AI and machine learning, and promote accountability. Hypothesis testing confirmed that governance and operational methods greatly affect NPA levels. Strong governance metrics, operational efficiency, and lower NPAs are interdependent. Sector-specific policies like fintech and ARC collaboration have also reduced NPAs. The successful implementation of the IBC and progressive adoption of technology improvements have set a bright trajectory for Indian banking. Policy implications from this study suggest a holistic and proactive strategy. Governance improvements should emphasise independent monitoring, audits, and

transparency. Operational improvements should also emphasise worker proficiency, cutting-edge technology, and rapid recovery. The paper also stresses the importance of regulators in aligning banking practices with global norms and monitoring innovation. Finally, governance and operational efficiency are not just a response to the NPA crisis but a strategic need for Indian banks' long-term stability and profitability. This study's recommendations can help Indian banks become more resilient, build stakeholder trust, and promote economic stability. This research contributes to the body of knowledge and gives policymakers, regulators, and banks a framework to solve one of the biggest financial ecosystem concerns.

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Newspaper

Newspaper 1: The Economic Times

Title: "Governance and Operational Efficiency: The Key to Curbing NPAs in Indian Banks"

Excerpt:

The mounting issue of Non-Performing Assets (NPAs) in Indian banks has been a topic of concern for policymakers and stakeholders. According to a recent PhD research article, enhanced governance practices and operational efficiency are pivotal in addressing this challenge. The research highlights the significance of transparency in credit approvals, robust risk management frameworks, and advanced data analytics in mitigating the risk of bad loans. With public sector banks witnessing a major share of NPAs, the study emphasizes the need for government-led reforms to improve boardroom accountability and employee productivity. The findings stress that combining governance with digital transformation could drastically reduce NPAs, paving the way for a healthier banking sector in India.

Newspaper 2: The Hindu Business Line

Title: "Indian Banks' Path to NPA Reduction: Governance Matters"

Excerpt:

Non-Performing Assets (NPAs) have long been a hurdle to the growth of the Indian banking sector. A PhD research article sheds light on how governance and operational efficiency could provide a sustainable solution to this issue. The research points out that weak internal controls and misaligned incentives in lending processes are major contributors to rising NPAs. Recommendations include empowering independent directors, adopting global best practices in governance, and enhancing transparency in operations. The study also identifies

the role of technology in streamlining processes such as loan tracking and recovery, which can substantially improve operational efficiency. The article underscores that a strong governance framework is not just an option but a necessity for banks aiming to reduce NPAs and restore investor confidence.

Newspaper 3: Mint

Title: "Governance and Efficiency: The Twin Pillars to Fight NPAs in Indian Banking"

Excerpt:

Indian banks, particularly in the public sector, continue to grapple with the challenge of NPAs, accounting for a significant portion of stressed assets in the economy. A groundbreaking PhD research study highlights that poor governance standards and inefficient operations lie at the heart of this issue. The study proposes that by introducing performance-linked incentives, strengthening internal audits, and fostering ethical banking practices, banks can significantly reduce the incidence of bad loans. Additionally, operational efficiency through automation and predictive analytics in credit assessment could act as a game-changer. Experts believe that this dual approach could not only tackle existing NPAs but also prevent their recurrence in the future.