



Issues facing Indian Banking

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In March 2019, the gross NPAs of the Indian banking sector were 9.1% of the loans. This is the highest amongst emerging markets. In this regard, there is no Lehman or global crisis to blame ... it is all the result of our own doing. The unholy alliance of politicians, bankers, and corporate houses needs to be dealt with for our financial system to get back on track. A series of mergers and acquisitions are afoot, and we will hopefully see the emergence of large and relatively stable public sector banks (PSBs) through a process of strategic consolidation. For NPAs to end, PSBs need a better regulatory structure. This is eminently doable. The government needs to implement governance reform in PSBs to improve their efficiency and their ability to compete with their private sector counterparts. That will also ensure PSBs are not a drag on the system and that they support overall economic growth

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