RISK MANAGEMENT POLICIES OF INDIA AND SELECT ASEAN COUNTRIES-A COMPARATIVE ANALYSIS

KAVITA GUPTA*; SONAL THUKRAL**; SAROJ JOSHI***

*ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE, SHRI RAM COLLEGE OF COMMERCE, UNIVERSITY OF DELHI, NEW DELHI-110007, INDIA.

**ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE, SHRI RAM COLLEGE OF COMMERCE, UNIVERSITY OF DELHI, NEW DELHI-110007, INDIA.

***ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE, SHRI RAM COLLEGE OF COMMERCE, UNIVERSITY OF DELHI, NEW DELHI-110007, INDIA.

ABSTRACT:
Banking sector has got due attention in the recent past due to increasing levels of trade and investments globally. Recent reforms in the Indian banking sectors have opened up new windows of development, but it has also increased the level of competition which in turn induces banks to get involved in risky activities to earn high income and survive. Thus, the key to success is effective risk management to maintain a balance of profitability and stability. It is said that if Basel guidelines are followed, NPAs can come down significantly, but recently Indian banks are experiencing a rise in the NPA levels. Thus, we try to examine the effectiveness with which these policies are being implemented in India as compared to some ASEAN countries. We use a theoretical analysis followed by a descriptive analysis, using trend analysis of three variables i.e. net NPA ratio, CAR and ROA. The results show that, India and Singapore have been able to implement the guidelines well in time as compared to other countries. Performance indicators also show that Singapore is the best performer on an average and India is in the direction of becoming the best.

KEY WORDS: Banking sector, Basel norms, CAR, NPA, Risk management.