

## SECTORAL INTERDEPENDENCE AND TWIN BALANCE SHEET CRISIS- AN EVIDENCE FROM INDIA

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### ABSTRACT

*The paper states about the twin balance sheet problem in India. The problem of twin balance sheets is a problem that occurs when there is a stress in one sector's balance sheet due to the other business, such as growing NPAs in banks due to the inability of infrastructure companies to repay loans. Banking sector and industrial sector of any economy plays a crucial role in its development. It is necessary to broadly study these two sectors. It is important to look after the proper functioning of these sectors by looking at their balance sheets in order to minimize non-performing assets and bad loans. It was also mentioned in the report of economic survey, in 2015-16, that "twin balance sheet problem is the biggest issue in Indian economy". According to the RBI's financial stability report, 2018, gross non-performing assets ratio has been increasing continuously, it hasn't reduced. Measures have been taken by the government to solve the twin balance sheet crisis. India has been trying to solve this problem of twin balance sheet by putting bank in charge for restructuring decisions. Public Sector Asset Rehabilitation Agency (PARA) has been setup in order to take politically tough decisions and to address the tough decisions.*

**KEYWORDS:** *Twin Balance Sheet (TBS), Loans, Investment, Non-Performing Assets (Npas), Public Sector Asset Rehabilitation Agency (PARA)*

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