**Abstract**

In the light of increasing NPAs, banks tend to lower the interest rates on deposits on one hand and likely to higher interest rates on loans to sustain NIM. This may become hurdle in smooth financial flow and hampers banks’ business as well as economic growth. Performance of a bank receives a big blow, image get shattered because of NPA ratio above standard which leads to adverse comments by investors, auditors and inspectors. It de-motivates the staff and creates investor apathy and shakes the customer’s loyalty. As a result, productivity and other strategic banking variables also receive serious setback. This study uses the CRAMEL model to evaluate the performance of Indian Public and private sector banks in context of NPA. Sample include 26 Public and 21 Private sector banks and covers a period of five years from 2010 – 2011 to 2014-2015. Results reveals that the private sector banks have a good position compared to the public sector banks.