

**A Study On Annual Growth Analysis Of Non Performing Assets Of Selected
Public And Private Sector Banks In India**

Dr. S. B. Gayathri

Associate Professor & Head, Department of Commerce (PA), Nallamuthu Gounder
Mahalingam College (Autonomous), Pollachi

K. Rajarajeswari

Ph.D Scholar, PG & Research Department of Commerce, Nallamuthu Gounder
Mahalingam College (Autonomous), Pollachi

ABSTRACT

The performance of the banking industry is widely recognized as an essential precondition for the development of economic and enhancement of financial system. The purpose of this study is to analyze the annual growth of selected ratios which affects non-performing assets in selected public sector and private sector banks for the period of 10 years from 2008-09 to 2017-18. The variables include Gross Non- Performing Assets, Net Non- Performing Assets, Net Non- Performing Assets To Net Advance, Advance To Capital Market Sector, Advance To Real Estate Sector and Business Per Employee. For assessing the growth of NPA the following public and private sector banks have been selected based on the Total assets which includes State bank of India(SBOI), Punjab National Bank(PUNB), Bank of Baroda(BOBA), Bank of India(BOIN), Indian Bank(INDB), ICICI Bank Ltd(ICBL), HDFC Bank Ltd(HDBL), Axis Bank Ltd(AXBL), Yes Bank Ltd(YEBL), Kotak Mahindra Bank Ltd(KMBL).

Keywords: *non-performing assets, Advance To Capital Market Sector and Advance To Real Estate Sector*

1.1 INTRODUCTION

The Indian economic development took place from 1991 after the introduction of Liberalization, Privatization and Globalization policy. As per this policy all restriction on the Indian economy was totally removed and the important phase for the Indian banking system adopted over here. The budget policy and suggestion provided by government and

the Governor of Reserve Bank of India was an important milestone in the development of Indian banking system. As per the guideline the segments for development has various problem and so the importance of public sector and private sector banking player cannot be ignored. The country is flooded with public sector, private sector and foreign banks and their ATM stations. Along with the growth of banking sector and its services the non performing assets also increases in a multi folded manner year on year. So The Unprecedented growth of NPA is a matter of great concern to the RBI, the government, the financial institutions and even the banking industry. There are several internal and external factors affecting NPA level. The purpose of this study is to analyze the annual growth of selected ratios which affects non-performing assets in selected public sector and private sector banks for the period of 10 years from 2008-09 to 2017-18. The variables include Gross Non- Performing Assets ,Net Non- Performing Assets ,Net Non- Performing Assets To Net Advance, Advance To Capital Market Sector and Advance To Real Estate Sector .

1.2 REVIEW OF LITERATURE:

Ashok Khurana and Mandeep Singh (2010) observed that new private banks have a strong competitive advantage over public sector banks on several dimensions such as use of low cost technology and operations to address the urban mass market, alignment between IT and business heads, more focus on value adding activities, better talent management, superior complexity handling and the ability to use infrastructure optimization facilities. In spite of all this, these new generation banks have also become a victim of NPAs. However, NPAs should not be seen as a dilemma but as a challenge for the banking sector.

Sandeep and Parul Mital (2012) analysed the comparative position of non-performing assets of selected public and private sector banks in India to find their efficiency through

comparative study. PNB and HDFC banks are found superior in management of NPAs comparative to SBI and ICICI.

S. Poongavanam (2013) in his article highlighted the reasons for an assets becoming NPA and remedial measures to be taken. This article highlighted the reasons for an assets becoming NPA and remedial measures to be taken. Due to various steps taken by the Government of India NPA levels were reduced to considerable level. (Nearly 2.7% of the bans on the balance sheet of bank, from 8.8%) So it is an indication for the bankers with bad loan in their portfolio to take appropriate actions immediately.

Satpal (2014) in his paper concluded that NPAs have always created a big problem for the banks in India. It is just not only problem for the banks but for the economy too. The money locked up in NPAs has a direct impact on profitability of the bank as Indian banks are highly dependent on income from interest on funds lent.

1.3 OBJECTIVE OF THE STUDY:

The main objective of the research is to analyse the annual growth of ratios which influences the non performing assets during the study period 2008-09 to 2017-18

1.4 SAMPLING METHODOLOGY:

For assessing the growth of NPA the following public and private sector banks have been selected based on the Total assets which includes State bank of India (SBOI), Punjab National Bank (PUNB), Bank of Baroda (BOBA), Bank of India (BOI), Indian Bank (INDB), ICICI Bank Ltd (ICBL), HDFC Bank Ltd (HDBL), Axis Bank Ltd (AXBL), Yes Bank Ltd (YEBL), Kotak Mahindra Bank Ltd (KMBL) and the data is extracted from CMIE and Prowess capital line for the study period.

1.5 STATISTICAL TOOLS USED:

To assess the annual growth rate statistical tools like Compound annual growth rate, Mean ,Standard Deviation and covariance is employed for all the selected banks.

1.6 ANALYSIS AND INTERPRETATION

ANALYSIS OF PROFIT MARGIN RATIO OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS – GROSS NON-PERFORMING ASSETS

YEAR	SBOI	PUNB	BOBA	BOIN	INDB	ICBL	HDBL	AXBL	YEBL	KMBL
2008-09	15714.00	2506.90	1842.92	2470.88	459.18	9649.31	1988.07	897.77	84.93	689.21
2009-10	19534.89	3214.41	2400.69	4882.65	510.10	9480.65	1816.76	1318.00	60.20	767.34
2010-11	25326.29	4379.39	3152.50	4811.55	740.31	10034.26	1694.34	1599.42	80.52	603.49
2011-12	39676.46	8719.62	4464.75	5893.97	1850.78	9475.33	1999.39	1806.30	83.86	614.19
2012-13	51189.39	13465.79	7982.58	8765.25	3565.48	9607.75	2334.64	2393.42	94.32	758.11
2013-14	61605.35	18880.06	11875.90	11868.60	4562.20	10505.84	2989.28	3146.41	174.93	1059.44
2014-15	56725.34	25694.86	16261.44	22193.24	5670.44	15094.69	3438.38	4110.19	313.40	1237.23
2015-16	98172.80	55818.33	40521.04	49879.13	8827.04	26221.25	4392.83	6087.51	748.98	2838.11
2016-17	112342.99	55370.45	42718.70	52044.52	9865.14	42159.39	5885.66	21280.48	2018.56	3578.61
2017-18	223427.46	86620.05	56480.38	62328.46	11990.14	53240.18	8606.97	34248.64	2626.80	3825.38
Mean	70371.50	27466.99	18770.09	22513.83	4804.08	19546.87	3514.63	7688.81	628.65	1597.11
S.D	62480.86	28771.30	20116.16	23119.84	4194.36	15925.79	2231.63	11118.52	927.70	1291.87
CV	0.89	1.05	1.07	1.03	0.87	0.81	0.63	1.45	1.48	0.81
CAGR	0.30	0.43	0.41	0.38	0.39	0.19	0.16	0.44	0.41	0.19

Source: Data Extracted From CMIE And Computed

The Table indicates that analysis of Gross Non-Performing Assets of selected public and private sector banks during the study period. The mean Gross Non-Performing Assets varied from banks to banks, the highest mean was 70371.50 in SBOI. Followed by PUNB.i.e., 27466.99, BOIN. i.e., 22513.83, ICBL i.e, 19546.87 during the study period. Among the selected public and private sector banks HDBL., has lowest variation (0.63 per cent) in Gross Non-Performing

Assets while YEBL, AXBL., BOBA., suffered from largest variation in Gross Non-Performing Assets during the study period. It is also observed, that the Compound Annual Growth Rate of Gross Non-Performing Assets was positive in the both public and private sector banks during the study period 2008-2009 to 2017-2018.

ANALYSIS OF PROFIT MARGIN RATIO OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS – NET NON- PERFORMING ASSETS

YEAR	SBOI	PUNB	BOBA	BOIN	INDB	ICBL	HDBL	AXBL	YEBL	KMBL
2008-09	9677.42	263.85	449.04	628.21	93.81	4553.94	627.62	327.13	41.16	396.84
2009-10	10870.17	981.69	602.32	2207.45	144.93	3841.11	392.05	419	12.99	360.25
2010-11	12346.9	2038.63	790.88	1944.99	397.04	2407.36	296.41	410.35	9.15	211.16
2011-12	15818.85	4454.23	1543.64	3656.42	1196.83	1860.84	352.33	472.64	17.46	237.38
2012-13	21956.48	7236.5	4192.03	5947.31	2384.3	2230.56	468.95	704.13	6.99	311.41
2013-14	31096.07	9916.99	6034.76	7417.22	2763.65	3297.96	820.03	1024.62	26.07	573.56
2014-15	27590.58	15396.5	8069.49	13517.57	3146.95	6255.53	896.28	1316.71	87.72	609.08
2015-16	55807.02	35422.56	19406.46	27996.4	5419.4	12963.08	1320.37	2522.14	284.47	1261.96
2016-17	58277.38	32702.1	18080.18	25305.03	5606.57	25216.81	1843.99	8626.55	1072.27	1718.07
2017-18	110854.7	48684.29	23482.65	28207.27	5959.56	27823.56	2601.02	16591.71	1312.75	1665.05
Mean	35429.557	15709.734	8265.145	11682.787	2711.304	9045.075	961.905	3241.498	287.103	734.476
S.D	31748.480	17124.327	8784.412	11306.086	2301.062	9773.432	753.632	5322.322	487.669	587.582
CV	0.896	1.090	1.063	0.968	0.849	1.081	0.783	1.642	1.699	0.800
CAGR	0.276	0.685	0.485	0.463	0.515	0.198	0.153	0.481	0.414	0.154

Source: Data Extracted From CMIE And Computed

The Table implies that analysis of Net Non-Performing Assets of selected public and private sector banks during the study period. The mean Net Non-Performing Assets varied from banks to banks, the highest mean was 35429.557 in SBOI. Followed by PUNB.i.e., 15709.734, BOIN. i.e., 11682.787, ICBL i.e, 9045.075 during the study period. Among the selected public and private sector banks HDBL., has lowest variation (0.783 per cent) in Net Non-Performing Assets while YEBL, AXBL., PUNB., suffered from largest variation in Net Non-Performing Assets during the study period.

It is also observed, that the Compound Annual Growth Rate of Net Non-Performing Assets was positive in the both public and private sector banks during the study period 2008-2009 to 2017-2018.

TABLE No1.63

ANALYSIS OF PROFIT MARGIN RATIO OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS – NET NON- PERFORMING ASSETS TO NET ADVANCE

YEAR	SBOI	PUNB	BOBA	BOIN	INDB	ICBL	HDBL	AXBL	YEBL	KMBL
2008-09	1.79	0.17	0.31	0.44	0.18	2.09	0.63	0.4	0.33	2.39
2009- 10	1.72	0.53	0.34	1.31	0.23	2.12	0.31	0.4	0.06	1.73
2010- 11	1.63	0.85	0.35	0.91	0.53	1.11	0.19	0.29	0.03	0.72
2011-12	1.82	1.52	0.54	1.47	1.33	0.73	0.18	0.27	0.05	0.61
2012- 13	2.1	2.35	1.28	2.06	2.26	0.77	0.2	0.36	0.01	0.64
2013-14	2.57	2.85	1.52	2	2.26	0.97	0.27	0.44	0.05	1.08
2014- 15	2.12	4.06	1.89	3.36	2.5	1.61	0.25	0.46	0.12	0.92
2015- 16	3.81	8.61	5.06	7.79	4.2	2.98	0.28	0.74	0.29	1.06

2016-17	3.71	7.81	4.72	6.9	4.39	5.43	0.33	2.27	0.81	1.26
2017-18	5.73	11.24	5.49	8.28	3.81	5.43	0.4	3.64	0.64	0.98
Mean	2.700	3.999	2.150	3.452	2.169	2.324	0.304	0.927	0.239	1.139
S.D	1.327	3.873	2.107	3.021	1.598	1.782	0.133	1.124	0.281	0.549
CV	0.492	0.969	0.980	0.875	0.737	0.767	0.439	1.212	1.176	0.482
CAGR	0.123	0.521	0.333	0.341	0.357	0.100	-0.044	0.247	0.068	-0.085

Source: Data Extracted From CMIE And Computed

The Table projects that analysis of Net Non-Performing Assets to Net advance of selected public and private sector banks during the study period. The mean Net Non-Performing Assets to Net advance varied from banks to banks, the highest mean was 3.999 per cent in PUNB. Followed by BOIN i.e., 3.452 per cent, SBOI. i.e., 2.700 per cent, ICBL i.e, 2.324 per cent during the study period. Among the selected public and private sector banks HDBL., has lowest variation (0.439 per cent) in Net Non-Performing Assets to Net advance while YEBL, AXBL., PUNB., suffered from largest variation in Net Non-Performing Assets during the study period. It is also observed, that the Compound Annual Growth Rate of Net Non-Performing Assets to Net advance was positive in the case of SBOI, PUNB, BOBA, BOIN, INDB, ICBL, AXBL, YEBL, and HDBL, KMBL were negative during the study period 2008-2009 to 2017-2018.

ANALYSIS OF PROFIT MARGIN RATIO OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS– ADVANCE TO CAPITAL MARKET SECTOR

YEAR	SBOI	PUNB	BOBA	BOIN	INDB	ICBL	HDBL	AXBL	YEBL	KMBL
2008-09	6974.33	3475.91	1342.4	2965.65	1146.54	6183.48	4320.21	2331.05	118.67	386.08

2009- 10	7895.33	3579.11	2544.84	3364.43	987.76	11126.95	5685.75	3006.29	276.22	676.59
2010- 11	10335.3	3804.86	2606.44	3247.43	894.88	26572.95	6020.58	3541.75	936.78	1012.91
2011-12	3570.26	4042.71	2939.39	3342.1	811.65	20340.87	7307.52	4746.85	729.07	1052.08
2012- 13	7209.35	3820.05	3882.82	3321.13	710.97	19245.44	750.98	3761.51	1482.56	1281.86
2013-14	8031.87	4705.57	3015.18	3825.19	785.65	17273.69	9015.56	7973.01	1055.58	1416.14
2014- 15	13588.24	5822.23	2040.74	4300.63	568.07	18278.07	10259.72	10612.78	1367.44	2260.85
2015- 16	15859.98	8809.1	2082	3698.34	658.36	17105.45	12885.1	11575.11	1665.55	3334.25
2016-17	22803.57	9664.23	2951.34	4263.93	1025.55	14867.47	13607.72	12272.69	2227.96	4420.12
2017-18	24142.08	10114.62	3607.15	3517.33	1031.31	15647.26	19086.58	12371.78	5196.11	749.5
Mean	12041.031	5783.839	2701.230	3584.616	862.074	16664.163	8893.972	7219.282	1505.594	1659.038
S.D	6961.690	2689.923	755.295	437.545	186.283	5439.606	5293.721	4168.397	1443.410	1299.235
CV	0.578	0.465	0.280	0.122	0.216	0.326	0.595	0.577	0.959	0.783
CAGR	0.132	0.113	0.104	0.017	-0.011	0.097	0.160	0.182	0.459	0.069

Source: Data Extracted From CMIE And Computed

The Table depicts that analysis of Advance to capital market sector of selected public and private sector banks during the study period. The mean Advance to capital market sector varied from banks to banks, the highest mean was 16664.163 in ICBL. Followed by SBOI.i.e., 12041.031, HDBL. i.e., 8893.972, AXBL ie, 7219.282 during the study period. Among the selected public and private sector banks BOIN., has lowest variation (0.122 per cent) in Advance to capital market sector while YEBL, KMBL., HDBL., suffered from largest variation in Advance to capital market sector during the study period.

It is also observed, that the Compound Annual Growth Rate of Advance to capital market sector was positive in the case of SBOI,PUNB,BOBA,BOIN, ICBL,AXBL, YEBL,HDBL,KMBL and INDB only was negative during the study period 2008-2009 to 2017-2018.

**ANALYSIS OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS –
ADVANCE TO REAL ESTATE SECTOR**

YEAR	SBOI	PUNB	BOBA	BOIN	INDB	ICBL	HDBL	AXBL	YEBL	KMBL
2008-09	64104.97	29720.63	15812.08	19701.99	11549.45	76802.09	18473.8	19190.74	1024.29	4844.56
2009- 10	87125.16	30717.36	22572.97	19166.71	9657.66	63870.73	25293.08	26674.33	1670.61	5774.28
2010- 11	134623.5	42687.77	23857.95	20811.93	9651.87	77733.98	30277.17	39401.32	2361.53	8988.1
2011-12	144668.4	48474.59	27157.4	24049.57	12310.02	81421.73	25020.26	52730.39	3590.95	9832.37
2012- 13	173586.4	52413.99	30861.48	26628.09	11940.44	96431.28	3012.15	62020.69	8377.35	12315.03
2013-14	191164.3	62542.16	43706.88	37187.78	14993.73	116390.8	36977.12	81555.2	9644.35	12815.09
2014- 15	223388.5	64891.89	48668.24	45499.5	16365.68	142639.8	46285.98	96924.61	12846.85	14834.66
2015- 16	263664.5	69995.82	51949.13	31377.86	18725.38	165990.3	63919.52	112415.6	16354.53	21679.16
2016-17	359221.4	73035.46	48098.07	37789.68	20178.67	190005.8	83122.25	126989.9	23188.98	23874.79
2017-18	473495.7	87241	57135.28	41892.6	28221.37	219335.7	95903.89	152078.7	35698.82	28838.64
Mean	211504.3	56172.07	36981.95	30410.57	15359.43	123062.2	42828.52	76998.14	11475.83	14379.67
S.D	125939.9	18738.5	14520.25	9711.572	5790.042	53915.63	29612.8	44608.71	11121.58	7987.055
CV	0.595448	0.333591	0.392631	0.319349	0.37697	0.438117	0.691427	0.579348	0.969131	0.555441
CAGR	0.221356	0.113695	0.137081	0.078357	0.093457	0.110641	0.179039	0.229979	0.42634	0.195287

Source: Data Extracted From CMIE And Computed

The Table shows that analysis of Advance to real estate sector of selected public and private sector banks during the study period. The mean Advance to real estate sector varied from banks to banks, the highest mean was 211504.3 in SBOI. Followed by AXBL i.e., 76998.14 , PUNB. i.e., 56172.07, HDBL i.e, 42828.52 during the study period. Among the selected public and private sector banks BOIN., has lowest variation (0.319349 per

cent) in Advance to real estate sector while YEBL, HDBL.,SBOI suffered from largest variation in Advance to capital market sector during the study period.

It is also observed, that the Compound Annual Growth Rate of Advance to real estate sector was positive in all the banks during the study period 2008-2009 to 2017-2018.

1.7 CONCLUSION

NPAs as a syndrome are not new but are casting adverse impact on financial spine of banking structure during the recent years and are cause for concern. However, NPAs should not be seen as a dilemma but as a challenge for the banking sector. From the present study it is observed that during the study period the ratios which affects nonperforming assets of the banking industry have positive and negative growth. The bankers have to focus on these parameters to control NPA which will regulate the growth of banking in the long run.

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