

NON – PERFORMING ASSETS IN INDIAN PUBLIC SECTOR BANKS- A DESCRIPTIVE STUDY

Ram Kumar

PGT, Wisdom World School, Kurukshetra

E-mail: singal.raml@gmail.com

Abstract: The author did an attempt to analyse the trends of NPAs of public sector banks with the help of ratio analysis and various percentage tables for the period 2007 to 2019. The author found that the trend of gross NPAs was in increasing trend continuously shown in the above table. The percentage of gross NPAs of gross advances as well as percentage of Gross NPAs of Total Assets was also increasing but in the last year it is decreased. In the case of Net NPAs of public sector banks in India, it is in increasing trend continuously till the period under study. After analyzing of percentage of Net NPAs on Net advances as well as percentage of Net NPAs on Total Assets also increases but in the last year it is decreased.

Key Words: NPAs, Public Sector Banks

1.0 Introduction: During the last few years there is continuous growth and reforms in the Indian banking sector. The success of public sector banks depends on how the NPA is managing. There is a need of some better ways for the management of NPA for the banks. There are some factors internal and external which are responsible to make the assets Non-Performing.

2.0 Literature Review:

Makesh (2008) The author concluded the financial management practices of Federal Bank and Dhanlakshmi Bank along with SBI, for the period 2006-07. The study found that Federal Bank had the lowest NPA ratio to net advances and had the maximum return on equity and Dhanlakshmi Bank maintained a very high liquidity. **Ramu, N. (2009)** observed that the main cause of mounting NPAs in public sector banks is malfunctioning of the banks. As per author observation Narasimham Committee identified the NPAs as one of the possible effects of malfunctioning of public sector banks. **Chaudhary and Sharma (2011)** This study was for the period of 2009 and 2010 to extract the trends in NPA of Public Sector Banks and Private Sector Banks. The authors recommended that an efficient management information system should be developed. **Samir and Kamra (2013)** the present study was for SBI, PNB and CBI for the period 1996-97 to 2009-10 to know the current status of gross and net NPA. The authors concluded that the incidence of NPA is affecting the performance of credit institutions both financially and psychology. **Ibrahim and Thangavelu (2014)** study was based for the period 2007 to 2012 and authors used tools as mean, standard deviation and coefficient of variance. The authors analysed the concept of NPAs of commercial banks in India. The study was diagnostic and exploratory. It is found that commercial banks have improved the working performance in the area of NPAs. **Goyal, Aggarwal and Aggarwal (2015)** the authors did the study for the period 2001 to 2013 on comparative analysis of NPAs of PSL of Public sector and private banks. The authors concluded that due to Priority sector Lending, Non-performing assets of the both public banks and private banks are increasing day by day. **Alamelu and Chandran (2018)**, the authors used Karl Pearson's coefficient correlation between gross NPAs of different bank groups, It was found that positive correlation exists between Gross NPAs of PSBs and SCBs. The study based for the period 2002-2017.

3.0 Objectives of study: the study has the following objectives:

1. To analyze the trends of NPAs in public sector banks in India
2. To recommend some suggestions to cope with this challenge.

4.0 Research Methodology: The researcher used ratio analysis, percentage tables to analyse the data. The study is based on secondary data only. The data for the study is for the period 2007 to 2019 collected through the website

of Reserve Bank of India. The literature is collected through various articles and research papers from journals. The study is descriptive in nature .

5.0 Discussions and Results: Data for the period 2007 to 2019 of NPAs of Public sector banks of India is analyzed with the help of ratio analysis, percentage table , table no. 1 presents the data of Gross NPAs and Percentage of Gross NPAs of Gross Advances as well as percentage of Gross NPAs on Total Assets ,table number 2, presents the data of Net NPAs and Percentage of Net NPAs of Net Advances as well as percentage of Net NPAs on Total Assets.

Gross NPA:

Gross NPA Ratio = Gross NPAs / Gross Advances

Net NPA:

Net NPA Ratio = Net NPAs / Net Advances

Table 1: Gross NPA of Public Sector Banks

March 31st	Gross NPA Amount (in Crores)	Gross Advances Amount (in Crores)	Gross NPAs As % of Total Assets	Gross NPAs As % of Gross Advances
2007-08	2503431	56309	1.3	2.2
2008-09	3024652	68328	1.3	2.3
2009-10	3262079	84701	1.4	2.6
2010-11	3995982	97973	1.4	2.5
2011-12	4648808	142903	1.7	3.1
2012-13	5971820	194053	2.0	3.2
2013-14	6875748	264381	2.4	3.8
2014-15	7560666	323335	2.7	4.3
2015-16	8171114	611947	4.7	7.5
2016-17	8476705	791791	5.6	9.3
2017-18	9266210	1039679	6.8	11.2
2018-19	10287085	936474	5.6	9.1

Source: <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=19791>

After observation of the above table, it is found that the trend of gross NPAs was in increasing trend continuously shown in the above table. The percentage of gross NPAs of gross advances as well as percentage of Gross NPAs of Total Assets was also increasing but in the last year it is decreased.

Table 2 : Net NPA of Public Sector Banks

March 31st	Net NPA Amount (in Crores)	Net Advances Amount (in Crores)	Net NPA As % of Total Assets	Net NPA As % of Net Advances
2007-08	24730	2476936	0.6	1
2008-09	31564	2999924	0.6	1.1
2009-10	39127	3496720	0.6	1.1
2010-11	41799	4297487	0.6	1
2011-12	65205	5073559	0.8	1.3
2012-13	98693	5879773	1	1.7
2013-14	142656	6735213	1.3	2.1
2014-15	175841	7388160	1.5	2.4
2015-16	349814	7896467	2.7	4.4
2016-17	433121	8116109	3.1	5.3
2017-18	520838	8745997	3.4	6
2018-19	355076	9709829	2.1	3.7

Source: <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=19791>

In the case of Net NPAs of public sector banks in India, it is in increasing trend continuously till the period under study. After analyzing of percentage of Net NPAs on Net advances as well as percentage of Net NPAs on Total Assets also increases but in the last year it is decreased.

6.0 Suggestions and Conclusion:

The study reveals that the trend of gross NPAs was in increasing trend continuously shown in the above table. The percentage of gross NPAs of gross advances was in also increasing trend but in the last year it is decreased. In the case of Net NPAs of public sector banks in India, it is in increasing trend continuously till the period under study. After analyzing of percentage of Net NPAs on Net advances also increases but in the last year it is decreased. Some remedial measures for public sector banks as proper monitoring of credit, recovery mechanism of the banks should be updated and modernized.

7.0 References :

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