

An Analytical Study of Non-Performing Assets of Nationalized Banks in India

Dr. Viral Bhatt^{1st}
Director,
Sal Institute of Management,
Ahmedabad, Gujarat (India)

Miss. Juhi Mundra^{2nd}
Student, MBA (Finance)
Sal Institute of Management,
Ahmedabad, Gujarat (India)

Abstract: *The study was adopted to achieve the objectives of the study on “Non Performing Assets”. The general objective of the study was to analyze the NPA level in Indian banks. However the study was conducted with the following objectives: To analyze the NPA level of public sector Banks and to Curb stress assets and burden of banks. The method adopted for collection of data was secondary data. After collecting data from the respective sources, analysis & interpretation of data has been made. Based on the findings, logical conclusions are drawn, and further suitable suggestions & recommendations are brought out. The entire project report is presented in the form of report using chapter scheme, developed logically and sequentially from ‘introduction’ to ‘bibliography & references’.*

Keywords: *Non-performing, NPA, Banks, Assets, Public sector.*

I. INTRODUCTION OF NPAS

The Indian banking system has undergone significant transformation following financial sector reforms as laid out by Shri M. Narasimham Committee in 1991. It is adopting international best practices with a vision to strengthen the banking sector and its operations in the economy.

NPA in terms of profitability is a benchmark for any business enterprise including the banking industry. Increasing NPAs have a direct impact on profitability of banks as legally banks are not allowed to book income on such accounts and at the same time banks are forced to make provision on such assets as per the Reserve Bank of India (RBI) guidelines on Performing Asset means an asset or account of borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset, in accordance with the directions or guidelines relating to asset classification issued by RBI.

An amount due under any credit facility is treated as "past due" when it has not been paid within 30 days from the due date. Due to the improvement in the payment and settlement systems, recovery climate, up gradation of technology in the banking system, etc.,

Non-performing asset (NPA) shall be a loan or an advance, where:

- ✓ Interest and /or installment of principle remain overdue for a period of more than 90 Days in respect of a Term Loan,
- ✓ The account remains 'out of order' for a period of more than 90 days, in respect of an overdraft/ cash credit (OD/CC)
- ✓ The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- ✓ Interest and/ or installment of principle remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purpose, and
- ✓ Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.
- ✓ A classification used by financial institutions that refer to loans that are in jeopardy of default. Once the borrower has failed to make interest or principal payments for 90 days the loan is considered to be a non-performing asset. Also known as "non-performing loan".

II. TYPES OF NPA

Gross NPA:

Gross NPA reflects the quality of the loans made by banks.

It is calculated with the help of following ratio:

Gross NPAs Ratio=(Gross NPA/Gross Advances)*100

Net NPA:

Net NPAs shows the actual burden of banks.

It is calculated with the help of following:

Gross NPA - (Balance in Interest Suspense account + DICGC/ECGC claims received and held pending adjustment + Part payment received and kept in suspense account + Total provisions held).



$$\frac{\text{Gross NPAs} - \text{Provisions}}{\text{Gross Advances} - \text{Provisions}}$$

$$\text{Net NPAs} = \frac{\text{Gross NPAs} - \text{Provisions}}{\text{Gross Advances} - \text{Provisions}}$$

III. ASSET CLASSIFICATION

The RBI has issued guidelines to banks for classification of assets into four categories.

1. Standard assets:

These are loans which do not have any problem are less risk.

2. Substandard assets:

These are assets which come under the category of NPA for a period of less than 12 months.

3. Doubtful assets:

These are NPA exceeding 12 months

4. Loss assets:

Assets which are doubtful and considered as non-recoverable by bank, internal or external auditor or central bank inspectors

Also, with increasing deposits made by the public in the banking system, the banking industry cannot afford defaults by borrowers since NPAs affects the repayment capacity of banks.

IV. REVIEW OF LITERATURE

Author:- Ranjini, Journal on Vidyaniketan Journal of Management and Research, Vol.1 Issue-2 July. (December 2013). Reason for NPA's in public sector and private sector banks and also to know the recovery mechanism adopted for recovery of NPA's. The soft measures taken by the RBI are not sufficient to reduce the NPA's in the banking sector. Various banking sectors still lagging behind major thrust areas such as asset quality, and profitability etc.

Author:- G.V.Bhavani Prasad Journal on International Journal of Management & Business Studies, IJMBS Vol. 1, Issue 3, (September 2011) Research, There are several challenges that Indian banks will have to face as they look to compete in a globalize environment. There are: Risk Management & Basel II, Consolidation, Overseas Expansion, Technology, Government Reforms, Non Performing Assets (NPAs), Skilled Manpower, Consumer Protection. Strategies for overcoming NPAs has Various steps have been taken by the government and RBI to recover and reduce NPAs. These strategies are necessary to control NPAs. 1. Preventive management and 2. Curative management.

Author:- Samir and Deepa Kamra:- International Journal of Management Vol. 3, No. 1, (June 2013) Aim of the research is to analyze the trends in NPAs in terms of values, gross and net NPAs as a percentage of gross advances and net advances, gross and net NPAs as a percentage of Total Assets respectively. The study also suggests multi-pronged and diversified strategy for speedy recovery of NPAs in commercial banks in India.

V. RESEARCH METHODOLOGY

Research Design

Descriptive Research design will use here, Data Collection Method in two way Primary and Secondary Collection Method.

Data collection sources :

Secondary data:- Secondary data refers to the data which is already given and available for use. The data for the study we collecting from the Reserve Bank Of India (RBI) bulletins, statistical tables relating to banks in India. It is collect from bank site, news etc.

Methodology

As the banking sector in India has very wider scope, the researcher has focused on the study of the non-performing assets of nationalized banks in India. To justify the research without any bias, out of the 19 nationalized banks, the researcher has selected a random sample of 6 using lottery method. The selected banks under sample are as mentioned below: 1. Bank of Baroda (BOB), 2. Bank of India (BOI), 3. Bank of Maharashtra (BOM), 4. Central Bank of India (CBI), 5. Dena Bank, 6. Punjab National Bank (PNB). The present study is focused on the analysis of the data for the period of 10 years i.e. from 2005-06 to 2014-15. As banking sector is part of it, so the researcher selected this period with a view to study the current scenario of the NPAs of the nationalized banks in India.

The broader objectives of the present research are as listed below:

1. To analyze the efficiency of the banks to maintain the NPAs.



2. To analyze the performance of the banks on the basis of their efficiency of maintaining the NPAs.
3. To suggest some precautionary steps to reduce risk of NPAs in future lending.
4. To suggest the banks in the way to increase profitability through adopting a better strategy to curb the NPAs.

VI. ANALYSIS AND INTERPRETATION

Gross NPAs to Advances Ratio:

Year	Mean	Std.	95% Confidence Interval	
		Error	Lower Bound	Upper Bound
2005-06	12.82	0.605	11.6	14.04
2006-07	11.11	0.605	9.9	12.33
2007-08	7.77	0.605	6.56	8.99
2008-09	5.26	0.605	4.04	6.48
2009-10	3.52	0.605	2.3	4.74
2010-11	2.45	0.605	1.23	3.67
2011-12	2	0.605	0.78	3.22
2012-13	2.21	0.605	0.99	3.42
2013-14	1.95	0.605	0.73	3.17
2014-15	2.64	0.605	1.42	3.86

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	11.79	8.92	10.07	14.58	19.16	12.38
	Good	Best	Best	Worst	Worst	Good
2006-07	11.18	8.14	8.14	13.56	15.77	9.89
	Poor	Best	Best	Worst	Worst	Best
2007-08	7.65	5.68	7.36	9.61	10.15	6.19
	Good	Best	Good	Worst	Worst	Best
2008-09	3.99	3.80	5.73	7.16	6.67	4.21
	Best	Best	Poor	Worst	Worst	Good
2009-10	2.50	2.47	3.58	4.97	4.07	3.51
	Good	Good	Poor	Worst	Poor	Good
2010-11	1.86	1.70	2.65	3.22	2.49	2.78
	Good	Good	Poor	Poor	Poor	Poor
2011-12	1.28	1.73	2.33	2.70	2.15	1.79
	Good	Good	Poor	Poor	Poor	Good
2012-13	1.37	2.90	3.00	2.43	1.81	1.72
	Good	Poor	Poor	Poor	Good	Good
2013-14	1.38	2.26	2.50	1.85	1.88	1.81
	Good	Poor	Poor	Good	Good	Good
2014-15	1.55	2.37	2.31	4.93	1.69	2.97
	Good	Good	Good	Worst	Good	Poor

Interpretation of the Analysis:

In short, it can be said that the most consistent performance during the study period is of BOB. BOI has gradually degraded its performance where as Dena Bank has gradually improved its performance. CBI has also made efforts to improve its performance by reducing the ratio. The performance of BOM shows downfall and the similar is the case with PNB.

Net NPAs to Advances Ratio:



Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	6.31	0.495	5.32	7.31
2006-07	4.64	0.495	3.64	5.64
2007-08	2.47	0.495	1.47	3.46
2008-09	1.72	0.495	0.72	2.71
2009-10	1.16	0.495	0.17	2.16
2010-11	0.81	0.495	-0.19	1.81
2011-12	0.67	0.495	-0.32	1.67
2012-13	0.95	0.495	-0.04	1.95
2013-14	0.88	0.495	-0.12	1.88
2014-15	1.412	0.495	0.42	2.41

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	4.81	5.59	4.83	7.02	11.82	3.80
	Best	Good	Best	Poor	Worst	Best
2006-07	4.95	4.50	2.46	5.57	9.40	0.95
	Poor	Good	Best	Poor	Worst	Best
2007-08	1.43	2.80	2.15	2.98	5.23	0.20
	Best	Poor	Good	Poor	Worst	Best
2008-09	0.86	1.49	2.03	2.59	3.04	0.28
	Good	Good	Poor	Poor	Worst	Best
2009-10	0.60	0.95	0.99	1.70	1.99	0.75
	Good	Good	Good	Poor	Poor	Good
2010-11	0.46	0.52	0.87	1.45	0.94	0.63
	Good	Good	Poor	Poor	Poor	Good
2011-12	0.31	0.44	0.79	1.24	1.09	0.17
	Good	Good	Poor	Poor	Poor	Good
2012-13	0.34	1.31	1.64	0.69	1.21	0.53
	Good	Poor	Poor	Good	Poor	Good
2013-14	0.35	0.91	1.32	0.65	1.22	0.84
	Good	Poor	Poor	Good	Poor	Good
2014-15	0.54	1.47	0.84	3.09	1.01	1.52
	Good	Poor	Good	Worst	Good	Poor

Interpretation of the Analysis:

When the researcher analysed the Net NPAs to Advances ratio, The performance of BOB is the most consistent, and it is serious matter for the bank to curb the NPAs to improve the performance. BOI and BOM are degraded and CBI and Dena Bank are improved, it shows their efforts to maintain and control the net NPAs. PNB shows downfall in the performance.

Unsecured Advances to Advances Ratio:



Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	13.28	1.772	9.71	16.85
2006-07	14.23	1.772	10.66	17.80
2007-08	16.58	1.772	13.01	20.15
2008-09	18.37	1.772	14.80	21.94
2009-10	19.24	1.772	15.67	22.81
2010-11	23.34	1.772	19.77	26.91
2011-12	19.71	1.772	16.14	23.28
2012-13	19.56	1.772	15.99	23.13
2013-14	20.15	1.772	16.58	23.72
2014-15	17.84	1.772	14.27	21.41

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	12.61	21.65	24.84	5.98	7.50	7.09
	Good	Worst	Worst	Best	Best	Best
2006-07	12.07	18.07	34.03	3.74	7.41	10.03
	Good	Worst	Worst	Best	Best	Best
2007-08	15.19	19.00	24.93	12.64	12.79	14.91
	Good	Poor	Worst	Best	Best	Good
2008-09	19.39	17.53	24.77	15.67	17.97	14.91
	Poor	Good	Worst	Good	Good	Good
2009-10	22.47	17.38	20.29	19.34	21.33	14.62
	Poor	Good	Poor	Poor	Poor	Best
2010-11	26.26	23.07	23.94	28.01	21.94	16.82
	Poor	Good	Poor	Worst	Good	Best
2011-12	20.99	22.67	20.24	22.35	18.13	13.88
	Poor	Poor	Poor	Poor	Good	Best
2012-13	24.40	21.95	22.37	17.68	20.33	10.62
	Worst	Poor	Poor	Good	Good	Best
2013-14	21.47	23.63	25.88	19.13	18.41	12.39
	Poor	Poor	Worst	Good	Good	Best
2014-15	16.33	21.06	18.91	25.03	17.32	8.39
	Good	Poor	Poor	Worst	Good	Best

Interpretation of the Analysis:

The analysis of the Unsecured Advances to Advances Ratio In general, it can be said that the performance of PNB is the most consistent during the study period whereas the performance of all the other banks is fluctuating.

Gross NPAs to Assets Ratio:

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	5.63	0.266	5.09	6.16
2006-07	4.70	0.266	4.16	5.23
2007-08	3.55	0.266	3.02	4.09
2008-09	2.78	0.266	2.24	3.32
2009-10	2.05	0.266	1.51	2.58
2010-11	1.47	0.266	0.94	2.01
2011-12	1.21	0.266	0.67	1.74
2012-13	1.32	0.266	0.79	1.86



2013-14	1.21	0.266	0.68	1.75
2014-15	1.69	0.266	1.16	2.23

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	5.45	4.99	3.84	5.68	8.02	5.78
	Good	Best	Best	Poor	Worst	Poor
2006-07	4.68	4.40	2.96	4.88	6.70	4.56
	Good	Good	Best	Poor	Worst	Good
2007-08	3.51	3.32	2.93	3.82	4.78	2.96
	Good	Good	Best	Poor	Worst	Best
2008-09	2.11	2.21	3.02	3.59	3.58	2.16
	Best	Best	Poor	Worst	Worst	Best
2009-10	1.46	1.48	2.10	2.77	2.37	2.09
	Best	Best	Poor	Worst	Poor	Poor
2010-11	1.10	1.08	1.61	1.90	1.48	1.67
	Good	Good	Poor	Poor	Poor	Poor
2011-12	0.81	1.10	1.35	1.57	1.28	1.12
	Good	Good	Poor	Poor	Poor	Good
2012-13	0.86	1.78	1.70	1.40	1.11	1.08
	Good	Poor	Poor	Poor	Good	Good
2013-14	0.88	1.37	1.54	1.14	1.19	1.16
	Good	Poor	Poor	Good	Good	Good
2014-15	1.00	1.53	1.47	3.16	1.09	1.90
	Best	Good	Good	Worst	Best	Worst

Interpretation of the Analysis:

When we take the view of the performance of the sample units for Gross NPAs to Assets Ratio, From the overall analysis, it can be seen that Dena Bank has been able to make noteworthy improvement in its performance. BOM is consistent for first three years and then its performance has become poor. The performance of BOB is somewhat consistent whereas the others are having inconsistent performance.

Net NPAs to Assets Ratio:

VII. NET NPAs TO ASSETS RATIO

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	2.77	0.221	2.33	3.22
2006-07	1.97	0.221	1.53	2.42
2007-08	1.15	0.221	0.70	1.59
2008-09	0.91	0.221	0.46	1.36
2009-10	0.68	0.221	0.23	1.12
2010-11	0.49	0.221	0.04	0.93
2011-12	0.40	0.221	-0.04	0.85
2012-13	0.57	0.221	0.12	1.02
2013-14	0.55	0.221	0.10	0.99
2014-15	0.91	0.221	0.46	1.35

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	2.22	3.12	1.84	2.74	4.95	1.77
	Best	Poor	Best	Good	Worst	Best
2006-07	2.07	2.43	0.89	2.01	3.99	0.44
	Poor	Worst	Best	Poor	Worst	Best
	0.65	1.64	0.85	1.19	2.46	0.09



2007-08	Best	Worst	Good	Poor	Worst	Best
2008-09	0.46	0.86	1.07	1.30	1.63	0.14
	Best	Good	Poor	Poor	Worst	Best
2009-10	0.35	0.57	0.58	0.94	1.16	0.45
	Good	Good	Good	Poor	Worst	Good
2010-11	0.27	0.33	0.53	0.86	0.56	0.38
	Good	Good	Poor	Poor	Poor	Good
2011-12	0.20	0.28	0.46	0.72	0.65	0.11
	Good	Good	Poor	Poor	Poor	Good
2012-13	0.22	0.80	0.93	0.40	0.74	0.33
	Good	Poor	Poor	Good	Poor	Good
2013-14	0.22	0.55	0.81	0.40	0.77	0.54
	Good	Good	Poor	Good	Poor	Good
2014-15	0.35	0.95	0.53	1.98	0.65	0.97
	Best	Poor	Good	Worst	Good	Poor

Interpretation of the Analysis:

The overall analysis shows that Dena Bank is the worst performer of the first five years of the study. It has struggled to improve its performance and it has become good performer in the year 2014-15. PNB has failed to maintain its performance during the period of study. There is gradual degradation in its performance. BOB is the consistent performer among the sample units during the study period. Only in the year 2006-07 its performance is poor then it has again improved its performance. All the other banks have remained inconsistent performers during the period of study.

Priority Sector Advances to Advances Ratio:

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	34.26	1.011	32.23	36.30
2006-07	36.54	1.011	34.50	38.57
2007-08	38.10	1.011	36.06	40.13
2008-09	38.78	1.011	36.75	40.82
2009-10	35.71	1.011	33.68	37.75
2010-11	33.29	1.011	31.26	35.33
2011-12	31.11	1.011	29.07	33.14
2012-13	32.01	1.011	29.98	34.05
2013-14	30.26	1.011	28.23	32.30
2014-15	27.75	1.011	25.71	29.78

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	25.96	27.05	35.79	39.38	37.54	39.86
	Best	Best	Poor	Worst	Worst	Worst
2006-07	27.88	28.07	35.29	43.52	40.54	43.91
	Best	Best	Good	Worst	Worst	Worst
2007-08	28.26	28.59	41.18	44.78	38.97	46.79
	Best	Best	Worst	Worst	Poor	Worst
2008-09	29.36	31.50	41.65	43.48	41.01	45.68
	Best	Best	Worst	Worst	Worst	Worst
2009-10	28.76	29.81	39.23	39.12	39.54	37.81
	Best	Best	Worst	Worst	Worst	Poor



2010-11	27.62	28.41	37.80	32.88	34.36	38.67
	Best	Best	Worst	Good	Poor	Worst
2011-12	26.70	26.27	36.73	31.39	33.74	31.81
	Best	Best	Worst	Poor	Worst	Poor
2012-13	26.35	25.48	39.69	32.14	32.72	35.70
	Best	Best	Worst	Poor	Poor	Worst
2013-14	24.01	25.76	34.36	31.23	33.74	32.48
	Best	Best	Worst	Poor	Worst	Worst
2014-15	22.59	22.56	33.63	26.11	30.26	31.33
	Best	Best	Worst	Good	Worst	Worst

Interpretation of the Analysis:

The overall performance analysis shows that BOB and BOI have been able to be the best performers during the period of study. PNB and Dena Bank have failed to approach the standards of good performance. The analysis shows that BOM and CBI have tried to improve their performance but they have failed to do so.

Gross NPAs Recovered/Write-off/ Reduced to Gross NPAs Ratios:

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	26.50	5.31	15.81	37.20
2006-07	31.47	5.31	20.78	42.17
2007-08	40.52	5.31	29.83	51.22
2008-09	46.30	5.31	35.61	57.00
2009-10	59.24	5.31	48.54	69.93
2010-11	62.75	5.31	52.06	73.45
2011-12	64.76	5.31	54.06	75.45
2012-13	52.76	5.31	42.06	63.45
2013-14	60.19	5.31	49.50	70.89
2014-15	49.40	5.31	38.71	60.10

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	24.92	30.07	22.59	25.62	41.63	14.18
	Poor	Good	Poor	Poor	Best	Worst
2006-07	31.81	34.12	23.46	30.60	39.85	29.00
	Good	Good	Poor	Poor	Good	Poor
2007-08	39.77	42.29	22.37	42.35	52.31	44.03
	Poor	Good	Worst	Good	Best	Good
2008-09	61.98	55.90	30.97	24.93	56.05	47.98
	Best	Good	Worst	Worst	Good	Good
2009-10	51.22	63.11	52.78	35.73	99.22	53.35
	Poor	Good	Poor	Worst	Best	Poor
2010-11	56.17	79.49	39.43	37.74	102.67	61.00
	Poor	Best	Worst	Worst	Best	Poor
	61.88	63.13	42.14	39.16	101.09	81.15



2011-12	Poor	Poor	Worst	Worst	Best	Best
2012-13	46.38	35.84	38.38	34.83	94.82	66.28
	Poor	Worst	Worst	Worst	Best	Best
2013-14	36.33	61.92	62.64	61.53	66.30	72.42
	Worst	Good	Good	Good	Good	Best
2014-15	47.73	73.28	58.02	27.09	63.56	26.74
	Good	Best	Good	Worst	Best	Worst

Interpretation of Analysis:

Gross NPAs recovered/write-off/reduced to Gross NPAs ratio, The overall analysis shows that Dena Bank is the most consistent performer as it has maintained the best category in most of the years. BOI has struggled to achieve the best category and it has been successful in its efforts. BOM and CBI are not performing better. BOB and PNB have made the efforts to improve the performance but it seems that they have not been successful.

Gross NPAs Recovered/Write-off/ Reduced to Advances Ratios:

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	3.56	0.328	2.90	4.22
2006-07	3.59	0.328	2.93	4.25
2007-08	3.20	0.328	2.54	3.86
2008-09	2.32	0.328	1.66	2.98
2009-10	2.07	0.328	1.41	2.73
2010-11	1.48	0.328	0.82	2.14
2011-12	1.26	0.328	0.60	1.92
2012-13	1.09	0.328	0.43	1.75
2013-14	1.20	0.328	0.54	1.86
2014-15	1.17	0.328	0.51	1.83

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	2.94	2.68	2.28	3.73	7.98	1.76
	Poor	Worst	Worst	Good	Best	Worst
2006-07	3.56	2.78	1.91	4.15	6.28	2.87
	Poor	Worst	Worst	Good	Best	Worst
2007-08	3.04	2.40	1.65	4.07	5.31	2.73
	Poor	Worst	Worst	Best	Best	Poor
2008-09	2.47	2.13	1.78	1.78	3.74	2.02
	Good	Poor	Poor	Poor	Best	Poor
2009-10	1.28	1.56	1.89	1.77	4.04	1.87
	Worst	Poor	Poor	Poor	Best	Poor
2010-11	1.04	1.35	1.05	1.22	2.55	1.69
	Poor	Poor	Poor	Poor	Best	Good
2011-12	0.79	1.09	0.98	1.06	2.17	1.45
	Poor	Poor	Poor	Poor	Best	Good
2012-13	0.64	1.04	1.15	0.85	1.72	1.14
	Poor	Poor	Good	Poor	Good	Good
2013-14	0.50	1.40	1.57	1.14	1.25	1.31
	Worst	Good	Good	Poor	Good	Good
2014-15	0.74	1.74	1.34	1.34	1.07	0.79



2014-15	Poor	Good	Good	Good	Poor	Poor
---------	------	------	------	------	------	------

Interpretation of the Analysis:

The overall analysis shows that Dena Bank is the most consistent performer but in the recent years its performance is fallen. The performance of BOI and BOM shows gradual improvement during the period of study. The performance of BOB and BOI is not showing much improvement. PNB shows some improvement but it again falls down in the recent years.

Gross NPA per Branch:

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	1.25	0.084	1.08	1.41
2006-07	1.19	0.084	1.02	1.36
2007-08	0.99	0.084	0.82	1.16
2008-09	0.84	0.084	0.67	1.01
2009-10	0.75	0.084	0.58	0.91
2010-11	0.66	0.084	0.49	0.82
2011-12	0.63	0.084	0.46	0.80
2012-13	0.83	0.084	0.66	1.00
2013-14	0.87	0.084	0.70	1.04
2014-15	1.25	0.084	1.08	1.42

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	1.51	1.49	0.78	1.04	1.42	1.23
	Worst	Worst	Best	Best	Worst	Good
2006-07	1.48	1.46	0.75	0.99	1.31	1.16
	Worst	Worst	Best	Best	Poor	Good
2007-08	1.21	1.21	0.75	0.83	1.02	0.93
	Worst	Worst	Best	Good	Poor	Good
2008-09	0.87	0.94	0.73	0.86	0.85	0.77
	Poor	Poor	Good	Poor	Poor	Good
2009-10	0.75	0.76	0.61	0.81	0.72	0.82
	Good	Poor	Good	Poor	Good	Poor
2010-11	0.68	0.66	0.56	0.71	0.54	0.78
	Poor	Good	Good	Poor	Good	Poor
2011-12	0.62	0.81	0.56	0.66	0.52	0.59
	Good	Worst	Good	Poor	Good	Good
2012-13	0.76	1.51	0.83	0.72	0.52	0.64
	Good	Worst	Good	Good	Best	Best
2013-14	0.92	1.38	0.76	0.64	0.65	0.85
	Poor	Worst	Good	Best	Best	Good
2014-15	1.13	1.47	0.82	1.81	0.71	1.54
	Good	Worst	Good	Worst	Best	Worst

Interpretation of the Analysis:

The overall analysis shows that BOM is the most consistent performer over the period of study. During the period of study, Dena Bank shows gradual improvement from worst to the best. The performance of BOI could not be improved during the study period and all the other sampled banks are the inconsistent performers.

Net NPA per Branch:

Year	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
2005-06	0.61	0.067	0.48	0.75
2006-07	0.50	0.067	0.36	0.63
2007-08	0.31	0.067	0.18	0.44
2008-09	0.26	0.067	0.13	0.40
2009-10	0.24	0.067	0.11	0.38
2010-11	0.21	0.067	0.07	0.34
2011-12	0.20	0.067	0.06	0.33
2012-13	0.35	0.067	0.21	0.48
2013-14	0.37	0.067	0.24	0.51
2014-15	0.66	0.067	0.53	0.79

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	0.62	0.93	0.37	0.50	0.88	0.38
	Poor	Worst	Best	Good	Worst	Best
2006-07	0.65	0.80	0.23	0.41	0.78	0.11
	Worst	Worst	Best	Good	Worst	Best
2007-08	0.23	0.59	0.22	0.26	0.53	0.03
	Good	Worst	Good	Good	Worst	Best
2008-09	0.19	0.37	0.26	0.31	0.39	0.05
	Good	Poor	Good	Poor	Poor	Best
2009-10	0.18	0.30	0.17	0.27	0.35	0.18
	Good	Poor	Good	Poor	Poor	Good
2010-11	0.17	0.20	0.18	0.32	0.20	0.18
	Good	Good	Good	Poor	Good	Good
2011-12	0.15	0.21	0.19	0.30	0.26	0.06
	Good	Poor	Good	Poor	Poor	Best
2012-13	0.19	0.68	0.46	0.20	0.35	0.20
	Best	Worst	Poor	Best	Good	Best
2013-14	0.23	0.56	0.40	0.23	0.43	0.39
	Best	Worst	Poor	Best	Poor	Poor
2014-15	0.39	0.91	0.30	1.14	0.43	0.79
	Best	Worst	Best	Worst	Best	Poor

Interpretation of the Analysis:

The overall analysis shows that the performance of BOB is gradually improved from poor to the best. The performance of BOI is good only for the year 2010-11. In all the other years of the period of study, it has remained either worst or poor performer. All the other banks of sample are inconsistent performer during the period of study.

VIII. REASONS AND IMPACT ON NPAs

Major steps taken to solve the problems of Non-Performing Assets in India :-

1. Debt Recovery Tribunals (DRTs) Narasimham Committee Report I (1991) recommended the setting up of Special Tribunals to reduce the time required for settling cases. Accepting the recommendations, Debt Recovery Tribunals (DRTs) were established. There are 22 DRTs and 5 Debt Recovery Appellate Tribunals. This is insufficient to solve the problem all over the country (India).

2. Securitisation Act 2002 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 is popularly known as Securitisation Act. This act enables the banks to issue notices to defaulters who have to pay the debts within 60 days. Once the notice is issued the borrower cannot sell or dispose the assets without the consent of the lender. The Securitisation Act further empowers the banks to take over the possession of the assets and management of the company. The lenders can recover the dues by selling the assets or changing the management of the firm. The Act also enables the establishment of Asset Reconstruction Companies for acquiring NPA. According to the provisions of the Act, Asset Reconstruction Company of



India Ltd. with eight shareholders and an initial capital of Rs. 10 crores has been set up. The eight shareholders are HDFC, HDFC Bank, IDBI, IDBI Bank, SBI, ICICI, Federal Bank and South Indian Bank.

3. Lok Adalats Lok Adalats have been found suitable for the recovery of small loans. According to RBI guidelines issued in 2001. They cover NPA up to Rs. 5 lakhs, both suit filed and non-suit filed are covered. Lok Adalats avoid the legal process. The Public Sector Banks had recovered Rs. 40 Crores by September 2001.

4. Compromise Settlement Compromise Settlement Scheme provides a simple mechanism for recovery of NPA. Compromise Settlement Scheme is applied to advances below Rs. 10 Crores. It covers suit filed cases and cases pending with courts and DRTs (Debt Recovery Tribunals). Cases of Willful default and fraud were excluded.

5. Credit Information Bureau A good information system is required to prevent loans from turning into a NPA. If a borrower is a defaulter to one bank, this information should be available to all banks so that they may avoid lending to him. A Credit Information Bureau can help by maintaining a data bank which can be assessed by all lending institutions.

6. CRISIL Credit Rating Information Services of India Limited is a global analytical company providing ratings, research, and risk and policy advisory services.

In India, CRISIL Research is an independent and integrated research house and provides growth forecasts, profitability analysis, emerging trends, expected investments, industry structure and regulatory frameworks. CRISIL Infrastructure Advisory is a division of CRISIL Risk and Infrastructure Solutions (CRIS) Limited, a wholly owned subsidiary of CRISIL Limited. It helps shape policy and establish valuable frameworks to improve the risk profile of infrastructure projects. It works with government agencies in enhancing their capacity, capabilities and internal financial viability, and support implementation of infrastructure improvement initiatives.

IX. IMPACT OF NPAS ON BANK PERFORMANCE

- The efficiency of a bank is not reflected only by the size of its balance sheet but also the level of return on its assets. The NPAs do not generate interest income for banks but at the same time banks are required to provide provisions for NPAs from their current profits.
- The NPAs have deleterious impact on the return on assets in the following ways.
- The interest income of banks will fall and it is to be accounted only on receipt basis.
- Banks profitability is affected adversely because of the providing of doubtful debts and consequent to writing it off as bad debts.
- Return on investments (ROI) is reduced.
- The capital adequacy ratio is disturbed as NPAs are entering into its calculation.
- The cost of capital will go up.
- The assets and liability mismatch will widen.
- The economic value addition (EVA) by banks gets upset because EVA is equal to the net operating profit minus cost of capital and
- It limits recycling of the funds.

X. CONCLUSION

From the exhaustive analysis of the NPAs in the selected nationalized banks, it can be concluded that NPA is the major issue that has to be taken care of seriously by the banks. If timely measures are not taken by the banks, the situation of NPA becomes worse. It is suggested that the public sector banks should also adopt strict management policy if they want to control the situation of NPAs. Now it is the high time for the public sector banks to wake up and take serious steps for controlling NPAs. If the banks still do not take effective measures, situation of NPAs will be hazardous for the overall economy.

REFERENCES

1. Ranjini, Journal on Vidya nicketan Journal of Management and Research, Vol.1 Issue-2 July – December 2013.
2. G.V.Bhavani Prasad., International Journal of Management & Business Studies, IJMBS Vol. 1, Issue 3, September 2011.
3. Samir and Deepa Kamra, Journal on International Journal of Management Vol. 3, No. 1, June 2013.
4. Dr. D. SUDHIR CHANDRA, Journal on IRJA Indian Research Journal, Volume: II, Series: 6. Issue: June, 2015. ISSN: 2347-7695,
5. Abhinav, Srinivas K T International Monthly Refereed Journal of Research In Management & Technology 61 ISSN – 2320-0073 Volume II, December'13.
6. .bankofbaroda.com
7. www.bankofindia.com



8. www.bankofmaharashtra.in
9. www.centralbankofindia.co.in
10. www.denabank.com
11. www.iba.org.in
12. www.iibf.org
13. www.moneycontrol.com
14. www.pnbindia.in
15. www.rbi.org.in

APPENDIX

Net NPAs to Advances Ratio:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	4.81	5.59	4.83	7.02	11.82	3.80
2006-07	4.95	4.50	2.46	5.57	9.40	0.95
2007-08	1.43	2.80	2.15	2.98	5.23	0.20
2008-09	0.86	1.49	2.03	2.59	3.04	0.28
2009-10	0.60	0.95	0.99	1.70	1.99	0.75
2010-11	0.46	0.52	0.87	1.45	0.94	0.63
2011-12	0.31	0.44	0.79	1.24	1.09	0.17
2012-13	0.34	1.31	1.64	0.69	1.21	0.53
2013-14	0.35	0.91	1.32	0.65	1.22	0.84
2014-15	0.54	1.47	0.84	3.09	1.01	1.52

Gross NPAs to Advances Ratio:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	11.79	8.92	10.07	14.58	19.16	12.38
2006-07	11.18	8.14	8.14	13.56	15.77	9.89
2007-08	7.65	5.68	7.36	9.61	10.15	6.19
2008-09	3.99	3.80	5.73	7.16	6.67	4.21
2009-10	2.50	2.47	3.58	4.97	4.07	3.51
2010-11	1.86	1.70	2.65	3.22	2.49	2.78
2011-12	1.28	1.73	2.33	2.70	2.15	1.79
2012-13	1.37	2.90	3.00	2.43	1.81	1.72
2013-14	1.38	2.26	2.50	1.85	1.88	1.81
2014-15	1.55	2.37	2.31	4.93	1.69	2.97



Unsecured Advances to Advances Ratio:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	12.61	21.65	24.84	5.98	7.5	7.09
2006-07	12.07	18.07	34.03	3.74	7.41	10.03
2007-08	15.19	19	24.93	12.64	12.79	14.91
2008-09	19.39	17.53	24.77	15.67	17.97	14.91
2009-10	22.47	17.38	20.29	19.34	21.33	14.62
2010-11	26.26	23.07	23.94	28.01	21.94	16.82
2011-12	20.99	22.67	20.24	22.35	18.13	13.88
2012-13	24.4	21.95	22.37	17.68	20.33	10.62
2013-14	21.47	23.63	25.88	19.13	18.41	12.39
2014-15	16.33	21.06	18.91	25.03	17.32	8.39

Gross NPAs to Assets Ratio:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	5.45	4.99	3.84	5.68	8.02	5.78
2006-07	4.68	4.40	2.96	4.88	6.70	4.56
2007-08	3.51	3.32	2.93	3.82	4.78	2.96
2008-09	2.11	2.21	3.02	3.59	3.58	2.16
2009-10	1.46	1.48	2.10	2.77	2.37	2.09
2010-11	1.10	1.08	1.61	1.90	1.48	1.67
2011-12	0.81	1.10	1.35	1.57	1.28	1.12
2012-13	0.86	1.78	1.70	1.40	1.11	1.08
2013-14	0.88	1.37	1.54	1.14	1.19	1.16
2014-15	1.00	1.53	1.47	3.16	1.09	1.90

Net NPAs to Assets Ratio:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	2.22	3.12	1.84	2.74	4.95	1.77
2006-07	2.07	2.43	0.89	2.01	3.99	0.44
2007-08	0.65	1.64	0.85	1.19	2.46	0.09
2008-09	0.46	0.86	1.07	1.30	1.63	0.14
2009-10	0.35	0.57	0.58	0.94	1.16	0.45
2010-11	0.27	0.33	0.53	0.86	0.56	0.38
2011-12	0.20	0.28	0.46	0.72	0.65	0.11
2012-13	0.22	0.80	0.93	0.40	0.74	0.33
2013-14	0.22	0.55	0.81	0.40	0.77	0.54
2014-15	0.35	0.95	0.53	1.98	0.65	0.97

Priority Sector Advances to Advances Ratio:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	25.96	27.05	35.79	39.38	37.54	39.86
2006-07	27.88	28.07	35.29	43.52	40.54	43.91
2007-08	28.26	28.59	41.18	44.78	38.97	46.79
2008-09	29.36	31.50	41.65	43.48	41.01	45.68
2009-10	28.76	29.81	39.23	39.12	39.54	37.81
2010-11	27.62	28.41	37.80	32.88	34.36	38.67
2011-12	26.70	26.27	36.73	31.39	33.74	31.81
2012-13	26.35	25.48	39.69	32.14	32.72	35.70
2013-14	24.01	25.76	34.36	31.23	33.74	32.48
2014-15	22.59	22.56	33.63	26.11	30.26	31.33

Gross NPAs Recovered/Write-off/ Reduced to Gross NPAs Ratios:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	24.92	30.07	22.59	25.62	41.63	14.18



2006-07	31.81	34.12	23.46	30.60	39.85	29.00
2007-08	39.77	42.29	22.37	42.35	52.31	44.03
2008-09	61.98	55.90	30.97	24.93	56.05	47.98
2009-10	51.22	63.11	52.78	35.73	99.22	53.35
2010-11	56.17	79.49	39.43	37.74	102.67	61.00
2011-12	61.88	63.13	42.14	39.16	101.09	81.15
2012-13	46.38	35.84	38.38	34.83	94.82	66.28
2013-14	36.33	61.92	62.64	61.53	66.30	72.42
2014-15	47.73	73.28	58.02	27.09	63.56	26.74

Gross NPAs Recovered/Write-off/ Reduced to Advances Ratios:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	2.94	2.68	2.28	3.73	7.98	1.76
2006-07	3.56	2.78	1.91	4.15	6.28	2.87
2007-08	3.04	2.40	1.65	4.07	5.31	2.73
2008-09	2.47	2.13	1.78	1.78	3.74	2.02
2009-10	1.28	1.56	1.89	1.77	4.04	1.87
2010-11	1.04	1.35	1.05	1.22	2.55	1.69
2011-12	0.79	1.09	0.98	1.06	2.17	1.45
2012-13	0.64	1.04	1.15	0.85	1.72	1.14
2013-14	0.50	1.40	1.57	1.14	1.25	1.31
2014-15	0.74	1.74	1.34	1.34	1.07	0.79

Gross NPA per Branch:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	1.51	1.49	0.78	1.04	1.42	1.23
2006-07	1.48	1.46	0.75	0.99	1.31	1.16
2007-08	1.21	1.21	0.75	0.83	1.02	0.93
2008-09	0.87	0.94	0.73	0.86	0.85	0.77
2009-10	0.75	0.76	0.61	0.81	0.72	0.82
2010-11	0.68	0.66	0.56	0.71	0.54	0.78
2011-12	0.62	0.81	0.56	0.66	0.52	0.59
2012-13	0.76	1.51	0.83	0.72	0.52	0.64
2013-14	0.92	1.38	0.76	0.64	0.65	0.85
2014-15	1.13	1.47	0.82	1.81	0.71	1.54

Net NPA per Branch:

Year	BOB	BOI	BOM	CBI	DENA	PNB
2005-06	0.62	0.93	0.37	0.50	0.88	0.38
2006-07	0.65	0.80	0.23	0.41	0.78	0.11
2007-08	0.23	0.59	0.22	0.26	0.53	0.03
2008-09	0.19	0.37	0.26	0.31	0.39	0.05
2009-10	0.18	0.30	0.17	0.27	0.35	0.18
2010-11	0.17	0.20	0.18	0.32	0.20	0.18
2011-12	0.15	0.21	0.19	0.30	0.26	0.06
2012-13	0.19	0.68	0.46	0.20	0.35	0.20
2013-14	0.23	0.56	0.40	0.23	0.43	0.39
2014-15	0.39	0.91	0.30	1.14	0.43	0.79