

IDEES –International Multidisciplinary Research Journal**(Peer Reviewed)****A Research Paper****On****A COMPARATIVE STUDY OF NON-PERFORMING ASSETS WITH
REFERENCE TO MULTI-STATEBANKS****BY****DR. RAJESHKUMAR D. RANA**

(M.Com., M.Phil., Ph.D., PG Incharge, HOD in Accountancy)

PRINCIPAL I/C, J.Z. SHAH ARTS & H.P. DESAI COMMERCE COLLEGE, AMROLI,
SURAT, Affiliated with Veer Narmad South Gujarat UniversityEmail ID: rajeshrana1967@ymail.com**Abstract:**

Non Performing assets (NPA) are one of the major concerns for banks in India. NPA reflect the performance of the banks. The co-operative sector has been facing serious problems of raising Non-Performing Assets. The Net NPAs growth has a direct impact on profitability of banks. It involves the necessity of provisions, which reduces the overall profits and shareholders' value. The problem of NPAs is not only affecting the banks but also the whole economy. It is necessary to trim down the NPAs to improve the financial health in the banking system. This paper, therefore, makes an attempt to evaluate the Non Performing Assets of multi-state commercial banks in terms of Gross NPA Ratio, Net NPA Ratio, Averages, Variances etc.

KEY WORDS: *NPA,GROSS NPA,NET NPA,TJSB,KCCB.***INTRODUCTION**

Banking business mainly depends upon acquiring and lending finance. Banks raise resources not just from fresh deposits, but they also create credit by recycling the funds received back from the borrowers. The most important act of the banking business is recovery of money landed. With the recovery of landed money the concept of Non-Performing Assets is raised, The High level of Non-performing Assets (NPAs) is a matter of concern for everyone involved as credit is essential for economic growth and NPAs affect the smooth flow of credit. Alternative Management of NPA is scorching issue now a day in banking sector. The concept of Non- performing Assets (NPA) was introduced for the first time in the Narasimham Committee report was tabled in Parliament on December 17th 1991. The Narasimham (1991) committee report, those assets (advances, bills discounted, overdrafts, cash credit etc.) For which the interest remain due for a

period of four quarters (180 days) should be considered as NPAs. Subsequently this period was reduced, and from March 1995 onwards the assets for which the interest has remained unpaid for 90 days should be considered as NPAs.

Classification of Assets:

A bank's assets portfolio is basically classified into non-performing and performing assets. The cooperative banks started classifying their assets as per the new prudential norms introduced by RBI since 1996-The classifications of advances are under four broad categories, i.e. Standard, Sub Standard, Doubtful and Loss Assets. Substandard, doubtful and loss assets are individually and collectively known as NPAs.

NON-PERFORMING ASSET (NPA):

An asset which, stops to generate income for the bank is called a Non-performing Asset (NPA). When a borrower could not pay interest and /or instalment on a loan, which remain overdue it becomes Non-Performing assets. In other words it may be defined as, assets which not generate any income for bank in last 90 days or more is classified as NPA.

GROSS NPA AND NET NPA:

Gross NPA is the term used by commercial banks that refer to the sum of any unpaid debt, which is classified as non-performing loans. Net NPA is a term used by commercial banks to indicate less allowance for poor and uncertain debts than the amount of non-performing loans. In order to cover unpaid debts, commercial banks tend to offer a precautionary amount. The Gross NPA and Net NPA are always expressed as a percentage of advances.

LITRETURE REVIEW:

S. N. Bidani (2002) feels that Non-performing Assets are the smoking gun threatening the very stability of Indian banks. NPAs wreck a bank's profitability both through the loss of interest, income and write-off of the principal loan amount itself. In a bid to stem the lurking rot, RBI issued in 1993 guidelines based on recommendations of the Narasimham Committee that mandated identification and reduction of NPAs and reducing NPAs was treated as a 'national priority'.

Gourav Vallabhi, Anoop Bhatia and Saurabh Mishra (2007) explain that the Non-performing assets are considered an important instrument to judge the efficiency and financial health of banks. The level of Nonperforming assets is one of the factors effecting a financial stability and growth of the banking industry. The authors made an effort to find the fundamental factors which impact Non-performing as- sets of banks. It is seen that priority sector lending is a ma- jor cause for Non-performing assets.

Priyanka Mohnani and Monal Deshmukh (2013) in a study on Non performing Assets on

selected Public and Private Sector Banks NPA are considered as an important parameter to judge the performance and financial health of the banks. There has been marginal decrease in NPAs level over the period in all selected banks.

OBJECTIVE OF THE STUDY

- To know about the conceptual framework of PA and NPA.
- To understand the management of NPA by selected Commercial Co-operative Banks in Gujarat State.
- To make Comparative analysis of Management of NPA of Selected Commercial Co-operative Banks in Gujarat State.
- To put forward the suggestion for better management of NPA to the CCOBs.

Sample size:

For this research paper 2 banks are selected as sample:

- TJSB - Thane Janata Sahakari Bank
- KCCB - KALUPUR COMMERCIAL CO-OP BANK LTD.

Time period:

This research paper consider two financial year as study period : 2018-19 & 2019-20.

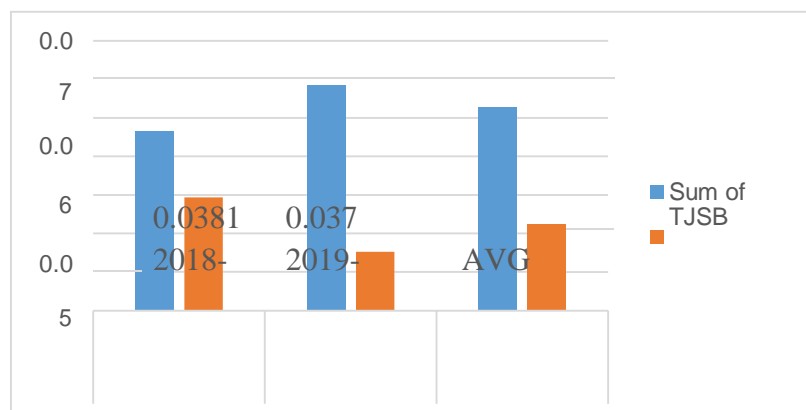
Limitations of the study:

All the limitation of time period and secondary source of data collection is observed in this research paper.

ANALYSIS OF DATA

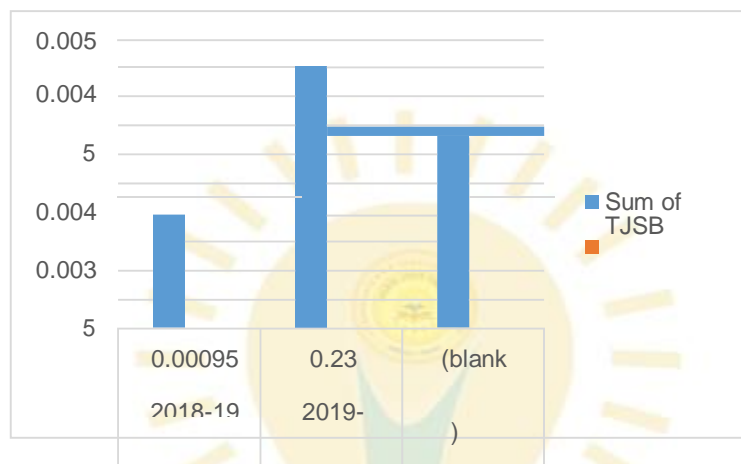
Analysis of GNPA RATIO

Gross NPA Percentage Of Selected Commercial Bank			
<u>YEAR</u>	<u>TJSB</u>	<u>KCCB</u>	<u>AVG.</u>
2018-19	4.67%	2.94%	3.81%
2019-20	5.86%	1.53%	3.70%
AVG.	5.27%	2.24%	



Analysis of NNPA RATIO

	Net NPA Percentage Of Selected Commercial Bank		
<u>YEAR</u>	<u>TJSB</u>	<u>KCCB</u>	<u>AVG.</u>
2018-19	0.19%	0%	0.095%
2019-20	0.46%	0%	0.23
AVG.	0.33%	0%	



The above table shows that GNPA of TJSB is highest all two banks from selected sample and NNPA of TJSB is highest as compare to other bank. The % of GNPA and % of NNPA is highest in TJSB and lowest in KCCB (NPA is Nil In the year 2018 and 2019). It indicates that KCCB has maintained good quality of credit portfolio among the selected banks.

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