



# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

## CONTENTS

Sr. No.	Title & Name of the Author (s)	Page No.
1.	<b>QUALITY OF WORK LIFE PRACTICES OF ACADEMIC PROFESSIONALS IN BANGLADESH: A FACTOR ANALYTICAL APPROACH</b> <i>BALASUNDARAM NIMALATHASAN &amp; DR. MIR MOHAMMED NURUL ABSAR</i>	6
2.	<b>SUPPLY CHAIN INTEGRATION AND COLLABORATION USING E- BUSINESS MODEL IN TEXTILE GARMENT INDUSTRY</b> <i>DR. G. NIJAGUNA &amp; DR. SWAROOP SIMHA</i>	12
3.	<b>TRAINING DELIVERY AND METHODOLOGY AMONG BANKS (AN EMPIRICAL STUDY)</b> <i>DR. AJAZ AKBAR &amp; PROF. A. R. MATTOO</i>	28
4.	<b>MICRO FINANCE IN INDIA AND MILLENNIUM DEVELOPMENT GOALS: MAXIMIZING IMPACT ON POVERTY</b> <i>G. PANDI SELVI &amp; DR. R. KARUPPASAMY</i>	37
5.	<b>COMPARATIVE FINANCIAL PERFORMANCE EVALUATION OF MARUTI AND HYUNDAI</b> <i>ASHIMA &amp; PROF. (DR.) S. C. CHITKARA</i>	43
6.	<b>FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN INDIA: AN EMPIRICAL ANALYSIS</b> <i>RAJENDER S. GODARA, MANOJ K. SIWACH &amp; RANJAN K. ANEJA</i>	49
7.	<b>STRESS IN EDUCATION.....IS THIS THE ULTIMATE DESTINATION IN 2020?</b> <i>PROF. SUNAINA HOOGAN &amp; PROF. DEEPA V. M</i>	52
8.	<b>SMES OF ANDHRA PRADESH: THE JOURNEY FAR AND BEYOND</b> <i>M. MADHAVI, M. SUJATHA &amp; S. PRATIBHA</i>	58
9.	<b>IMPACT OF MACRO ECONOMIC FACTORS ON LIFE INSURANCE INNOVATION IN INDIA: AN EMPIRICAL STUDY</b> <i>VISHAL SOOD &amp; DR. IRA BAPNA</i>	64
10.	<b>CORRELATES OF EMPLOYEE SATISFACTION WITH PERFORMANCE APPRAISAL SYSTEM: A COMPARATIVE STUDY OF INDIAN AND FOREIGN MNC BPO FIRMS</b> <i>HERALD MONIS &amp; DR. T. N. SREEDHARA</i>	70
11.	<b>COMPARATIVE ANALYSIS ON NON-PERFORMING ASSETS (NPAS) OF PUBLIC SECTOR, PRIVATE SECTOR AND FOREIGN BANKS IN INDIA</b> <i>MS. RAJNI SALUJA &amp; DR. ROSHAN LAL</i>	80
12.	<b>PERCEPTION OF THE POLICYHOLDERS TOWARDS THE MARKETING OF INSURANCE SERVICES BY THE LIC OF INDIA</b> <i>DR. J.ARULSURESH &amp; DR.S.RAJAMOCHAN</i>	89
13.	<b>ENTREPRENEURIAL ACTIVITIES OF WOMEN ENTREPRENEURS IN GADAG DISTRICT- A STUDY</b> <i>DR. A. S. SHIRALASHETTI</i>	95
14.	<b>IMPACT OF TELEVISION ADVERTISING ON CHILDREN</b> <i>M. VIJAYAKUMAR &amp; S. THANALAKSHMI</i>	106
15.	<b>MIGRANT WORKERS: SOCIO ECONOMIC STATUS AND REMITTANCES</b> <i>DR. BEENA NARAYAN</i>	110
16.	<b>BRAND LOYALTY OF TOILETRY PRODUCTS-A CASE STUDY OF SIRSA DISTRICT</b> <i>DR. MONICA BANSAL &amp; SHALLU MEHTA</i>	118
17.	<b>CONSUMER BEHAVIOUR IN THE PURCHASE PROCESS OF TELEVISION, REFRIGERATOR AND FOOD PROCESSOR WITH SPECIAL REFERENCE TO INCOME LEVEL (A STUDY OF HOUSEHOLD PRODUCT RELATED PERCEPTIONS &amp; MAJOR CHOICE DETERMINANTS IN CONTEXT OF CONSUMERS IN LUDHIANA CITY)</b> <i>MINAKSHI THAMAN &amp; PRIYA AHUJA</i>	126
18.	<b>WORK LIFE BALANCE –A CAUSE FOR STRESS AMONG CAREER COUPLES</b> <i>MRS. VISHAL SAMARTHA, MR. LOKESHA &amp; MS. ASHWITHA KARKERA</i>	135
19.	<b>ATTRITION AMONG LIFE INSURANCE ADVISORS OF SELECTED LIFE INSURANCE COMPANIES IN LUDHIANA</b> <i>MS. SHILPA JAIN &amp; MS. DEEPIKA ARORA</i>	142
20.	<b>SERVICE BUYING BEHAVIOR IN BANKING INDUSTRY: A COMPARATIVE ANALYSIS OF PRIVATE AND PUBLIC SECTOR BANKS</b> <i>ESHA SHARMA</i>	154
	<b>REQUEST FOR FEEDBACK</b>	158

**CHIEF PATRON****PROF. K. K. AGGARWAL**

Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi  
 Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar (Haryana)

**PATRON****SH. RAM BHAJAN AGGARWAL**

Ex. State Minister for Home & Tourism, Government of Haryana  
 President, Governing Body, Vaish (P.G.) College, Bhiwani  
 Vice-President, Dadri Education Society, Charkhi Dadri  
 President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

**CO-ORDINATOR****DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management  
 Maharishi Markandeshwar University, Mullana, Ambala, Haryana

**ADVISORS****PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

**PROF. PARVEEN KUMAR**

Director, M.C.A., Meerut Institute of Engineering & Technology, Meerut, (U. P.)

**PROF. H. R. SHARMA**

Director, Chhatrapati Shivaji Institute of Technology, Durg, (C.G.)

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

**PROF. MANOHAR LAL**

Director & Chairman, School of Information & Computer Sciences, I.G.N.O.U., New Delhi

**EDITOR****PROF. R. K. SHARMA**

Tecnia Institute of Advanced Studies, Delhi

**CO-EDITOR****DR. ASHOK KHURANA**

Associate Professor, G. N. Khalsa College, Yamunanagar

**EDITORIAL ADVISORY BOARD****DR. AMBIKA ZUTSHI**

Faculty, School of Management & Marketing, Deakin University, Australia

**DR. VIVEK NATRAJAN**

Faculty, Lomar University, U.S.A.

**PROF. SANJIV MITTAL**

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. KRISHAN CHAND MITTAL**

School of Management Studies, Punjabi University, Patiala, Punjab

**PROF. SATISH KUMAR**

Dean (Management), Galaxy Global Group of Institutions, Dinarpur, Ambala

**PROF. ROSHAN LAL**

M. M. Institute of Management, M. M. University, Mullana

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. TEJINDER SHARMA**

Reader, Kurukshetra University, Kurukshetra

**DR. KULBHUSHAN CHANDEL**

Reader, Himachal Pradesh University, Shimla, Himachal Pradesh

**DR. ASHOK KUMAR CHAUHAN**

Reader, Department of Economics, Kurukshetra University, Kurukshetra

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHINDER CHAND**

Associate Professor, Kurukshetra University, Kurukshetra

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P. J. L. N. Government College, Faridabad

**DR. VIVEK CHAWLA**

Associate Professor, Kurukshetra University, Kurukshetra

**DR. VIKAS CHOUDHARY**

Asst. Professor, N.I.T. (University), Kurukshetra

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Government F. G. College Chitgappa, Bidar, Karnataka

***ASSOCIATE EDITORS*****PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering &amp; Technology, Amity University, Noida

**DR. PARDEEP AHLAWAT**

Reader, Institute of Management Studies &amp; Research, Maharshi Dayanand University, Rohtak

**SURUCHI KALRA CHOUDHARY**

Head, Department of English, Hindu Girls College, Jagadhri

**PARVEEN KHURANA**

Associate Professor, Mukand Lal National College, Yamuna Nagar

**SHASHI KHURANA**

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

**SUNIL KUMAR KARWASRA**

Vice-Principal, Defence College of Education, Tohana, Fatehabad

**BHAVET**

Lecturer, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana

***TECHNICAL ADVISORS*****DR. ASHWANI KUSH**

Head, Computer Science, University College, Kurukshetra University, Kurukshetra

**DR. BHARAT BHUSHAN**

Head, Department of Computer Science &amp; Applications, Guru Nanak Khalsa College, Yamunanagar

**DR. VIJAYPAL SINGH DHAKA**

Head, Department of Computer Applications, Institute of Management Studies, Noida

**DR. ASHOK KUMAR**

Head, Department of Electronics, D. A. V. College (Lahore), Ambala City

**DR. ASHISH JOLLY**

Head, Computer Department, S. A. Jain Institute of Management &amp; Technology, Ambala City

**MOHITA**

Lecturer, Yamuna Institute of Engineering &amp; Technology, Village Gadholi, P. O. Gadholi, Yamunanagar, Haryana

**AMITA**

Lecturer, E.C.C., Safidon, Jind

**MONIKA KHURANA**

Associate Professor, Hindu Girls College, Jagadhri

**ASHISH CHOPRA**

Sr. Lecturer, Doon Valley Institute of Engineering &amp; Technology, Karnal

**SAKET BHARDWAJ**

Lecturer, Haryana Engineering College, Jagadhri

**NARENDRA SINGH KAMRA**

Faculty, J.N.V., Pabra, Hisar

**DICKIN GOYAL**

Advocate &amp; Tax Adviser, # 874, Sec. - 8, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

***LEGAL ADVISORS*****JITENDER S. CHAHAL**

Advocate, Punjab &amp; Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate &amp; Consultant, District Courts, Yamunanagar at Jagadhri

## CALL FOR ARTICLES/RESEARCH PAPERS

We invite original research papers in the area of computer, finance, marketing, HRM, Banking, Insurance, and other allied subjects. The above mentioned tracks are only indicative, and not exhaustive. The journal expects unpublished and original quality research articles/papers only.

You may submit your articles/papers at the email addresses, [info@ijrcm.org.in](mailto:info@ijrcm.org.in) or [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

## GUIDELINES FOR SUBMISSION OF ARTICLE/PAPER

### 1. **COVERING LETTER FOR SUBMISSION:**

**The Editor**  
IJRCM

Subject: Submission of Manuscript.

Dear Sir/Madam,

Find my submission of research paper/article for possible publications in your e-journal.

I hereby affirm that the content of this manuscript are original. Furthermore it has been neither published elsewhere fully or partially or any language nor submitted for publication (fully or partially) elsewhere simultaneously.

I affirm that the all author (s) have seen and agreed to the submitted version of the paper and their inclusion of name(s) as co-author(s).

Also, if our research paper/article accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your two journals i.e. International Journal of Research in Commerce & Management or International Journal of Research in Computer Application & Management..

**Name of Corresponding Author (s)**

Designation:

Affiliation:

Mailing address:

Mobile Number (s):

Landline Number (s):

E-mail Address (s):

2. **INTRODUCTION:** Manuscript must be in English prepared on a standard A4 size paper setting. It must be prepared on a double space and single column with 1" margin set for top, bottom, left and right. It should be typed in 12 point-Times New Roman Font with page numbers at the bottom and centre of the every page.

3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in 12-point Calibri Font. It must be centered underneath the title.

5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 300 words. The abstract must be informative and explain background, aims, methods, results and conclusion.

6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stop at the end.

7. **HEADINGS:** All the headings and sub-headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced, fully justified.

9. **FIGURES & TABLES:** These must be simple, centered & numbered, and table titles must be above the tables. Sources of data should be mentioned below the table.

10. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to Harvard Style of Referencing. The list of all references should be

alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow the references as per following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use **(ed.)** for one editor, and **(ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order...
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- Note that italics are used only for titles of books and names of journals. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- Use endnotes rather than footnotes.
- The location of endnotes within the text should be indicated by superscript numbers.
- For sources which have insufficient details to be included in the Reference, use endnotes (such as interviews, some media sources, some Internet sources).

#### **SEE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:**

##### **Books**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

##### **Contributions to books**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

##### **Journal and other articles**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.
- Kiran Ravi, Kaur Manpreet (2008), Global Competitiveness and Total Factor Productivity in Indian Manufacturing, International Journal of Indian Culture and Business Management, Vol. 1, No.4 pp. 434-449.

##### **Conference papers**

- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

##### **Unpublished dissertations and theses**

- Kumar S. (2006): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University.

##### **Online resources**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

##### **Website**

- Kelkar V. (2009): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on 11 September 2009 <http://epw.in/epw/user/viewabstract.jsp>

## COMPARATIVE ANALYSIS ON NON-PERFORMING ASSETS (NPAs) OF PUBLIC SECTOR, PRIVATE SECTOR AND FOREIGN BANKS IN INDIA

**MS. RAJNI SALUJA**

**RESEARCH SCHOLAR**

**M. M. INSTITUTE OF MANAGEMENT**

**MAHARISHI MARKANDESHWAR UNIVERSITY**

**MULLANA – 133 203**

**DR. ROSHAN LAL**

**PROFESSOR**

**M. M. INSTITUTE OF MANAGEMENT**

**MAHARISHI MARKANDESHWAR UNIVERSITY**

**MULLANA – 133 203**

### ABSTRACT

*The burgeoning NPAs in banking Industry is a matter of deep concern. It is just not a problem for banks but also proves fatal to the economic growth of the country. PSBs are under severe pressures of NPAs as compared to its counterparts that private and foreign banks. NPAs reduce the profitability of banks, weaken its financial health and erode its solvency. In this study an attempt has been made to compare the performance of public and private sector banks and in foreign banks in India with special reference to their NPAs. For this purpose four banks from public sector- State Bank of India, Allahabad Bank, Bank of Baroda and United Bank of India, from private sector- Axis Bank, HDFC Bank, ICICI Bank and IndusInd Bank, from foreign banks- Citibank, Deutsche Bank, HSBC Bank and Standard Chartered Bank are selected. A comparative analysis of all three categories is made on the basis of gross NPAs and Net NPAs. NPAs are also categorised into priority and non-priority sector for purpose of analysis. The study concludes that there is huge difference in NPAs of public, private and foreign banks. Public sector banks are highly pressurised by the NPAs. Moreover, greater quantum of NPAs is observed in non-priority sector than in priority sector. NPAs are not confined to PSBs alone but are present in private banks and foreign banks as well.*

### KEY WORDS

Banking Industry, Economic Growth, Foreign Banks, Profitability, Performance and Non-Priority Sector

### INTRODUCTION

Lending is one of the core activities of the banks. The process of lending is associated with large number of risks mainly credit risk. The concentration of banking management during present days is to keep losses arising out of credit risks at lowest levels. Banks have become very cautious in extending loans. The reason behind mounting NPAs is banks lending policies. It is rightly said that Banks lending policy is a major driver of non-performing loans. The rising NPAs pose serious threat not only to banks profitability, liquidity and solvency but also prove fatal to the economic growth of the country. So the problem of NPA should be nipped in the bud. It is possible only if the check is placed on NPAs from the very beginning. Eagle's eye should be kept on loan proposal, its usage should be properly monitored and followed up and viable collection policy should be framed. The prudential norms introduced provide not only transparency in financial position but also enables the banks to manage their assets more efficiently.

The magnitude of NPAs in banks and financial institutions is over Rs. 1, 50,000 crores. An analyst hold the view that NPAs of banks are expected to more than double to 5% of total advances in the next two years. The banking Industry's ratio of gross non-performing assets to total assets is projected to increase to around 5% by March 31, 2011 from 2.3% as on March 31, 2008. The biggest challenge banking industry now faces are the management of NPAs. Levels of NPAs of a bank are considered to be measure of its asset quality and in turn its performance and rating. It is level of NPAs which distinguish between good and bad banks. Narasimham Committee (I and II) highlighted the importance of NPAs and its management, "NPAs constitute a real economic cost to the nation in that they reflect the application of scarce capital and credit funds to unproductive uses. The moneys locked up in NPAs are not available for productive use and the extent that banks seek to make provisions for NPAs and write them off, it is a charge on their profits. NPAs, in short are not just problem for banks, they are bad for the economy."

### MEANING OF NON-PERFORMING ASSETS (NPAs)

An asset which ceases to generate income for the bank is called a Non-Performing Asset. A 'non-performing asset' (NPA) was defined as a credit facility in respect of which the interest and/or instalment of principal has remained 'past due' for a specified period of time. With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the '90 days' overdue norm for identification of NPAs, from the year ending March 31, 2004. Loan or Advance or Asset shall be non-performing where:

- Interest and/or instalment of principal 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 instalment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes.
- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

**NPAS ARE OF TWO TYPES**

- Gross NPAs
- Net NPAs

**Gross NPAs** are the sum total of all loan assets that are classified as NPAs as per RBI guidelines as on Balance Sheet date. Gross NPA reflects the quality of the loans made by banks. It consists of all the non-standard assets like as sub-standard, doubtful and loss assets.

Gross NPAs Ratio= Gross NPAs/Gross Advances

**Net NPAs** are those type of NPAs from which the bank has deducted the provision regarding NPAs. Net NPA shows the actual burden of banks. The provisions against the NPAs are to be made as per RBI guidelines. That is why difference between gross and net NPA is quite high.

Net NPA= Gross NPAs-provisions/Gross Advances-Provisions

**CLASSIFICATION OF ADVANCES**

Higher provisioning is required for higher level of NPAs. Provisioning requirements adversely affect the profitability and operations of the banks. This makes the further lending difficult. Advances can be classified into four categories as follows:

- **Standard Assets**- This is not NPA. It carries only normal credit risk. No provision is required.
- **Sub-Standard Assets**- This is an NPA for period not exceeding two years requiring a provision of 10 percent of outstanding balance.
- **Doubtful Assets**- This is an NPA for a period exceeding two years requiring a provision of 100 percent of unsecured portion of advances.
- **Loss Assets**- An asset may be treated as loss asset even if it has not been considered as sub-standard or doubtful earlier. The entire asset should be written off.

**REASONS FOR MOUNTING NPAs**

Large numbers of institutional and infrastructural factors are responsible for the problem NPAs.

- Indian banking industry is highly politicised. Large scale loan write-off ordered by politicians promotes a culture of indiscipline and lawlessness among borrowers.
- Legal framework of the country is inefficient. The inefficiency of legal system can be assessed by the value of cases pending in the courts of law representing about Rs 21,825 crores.
- Proper accountability and responsibility for taking wrong decisions regarding granting loans is not fixed.
- Lack of proper monitoring system for credit appraisal and effective follow-up due to large number of accounts.
- The members appointed to banking boards are generally not banking experts and professional people. Autonomy is also not granted to board.
- Priority sector lending and lending under Government sponsored schemes.
- There is inadequacy in risk management practices which fails to identify, assess and minimise the risks and enhance the returns.
- Strict and adequate prudential norms are not implemented due to which financial statements fail to present accurate picture of the level of risk.
- There are several factors related to the borrower which adversely affect their repayment.
  - Diversion of funds
  - Technological changes
  - Power shortage
  - Business Failures
  - Inefficient management
  - Industrial recession
  - Strained labour relations
  - Price escalation
  - Serious inherent operational problems
  - Natural calamities

In addition there could be deliberate non-compliance and wilful default from certain borrowers.

**IMPACT OF NPAs**

- NPA accounts do not generate any income. It put pressure on the interest income to the extent of interest accrued on NPAs.
- Provisioning of the assets depending on its status put pressure on part of profits.
- Large level of NPAs results in asset-liability mismatch.
- It is mandatory for banks to fund the substandard assets. Level of NPAs to total credit increases, the liquidity risk of bank also increases.
- Time and efforts of management in handling and managing NPA would have diverted to some other productive activities.
- NPAs adversely affect the value of bank in terms of market credit.
- Banks will lose its goodwill and brand image.

**MANAGEMENT OF NPAs**

Managing NPAs and keeping it at low levels has become matter of deep concern for banking Industry. Many legal and non-legal remedies are available for this purpose but generally non-legal remedies are popular with banks. Legal remedies most result in delays. Indian banking Industry mostly rely on the following measures:

- Two approaches for resolution of NPAs in public sector banks are suit filed and Board for Industrial and Financial Reconstruction (BIFR).
- Banks are required to submit the list of suit filed cases of Rs. 10 million and above and suit filed cases of wilful defaulters of Rs. 2.5 million and above to RBI as well as CIBIL (Credit Information Bureau).
- Debt Recovery Tribunals entertain cases for recovery of debts.
- Lok Adalats helps to resolve disputes between parties by conciliation, mediation, compromise and amicable settlement. It helps in settlement of small accounts.



- SARFAESI Act, 2002 was an important landmark in the reforms in the financial sector. The Act enables the setting up of asset management companies, addressing the problem of NPAs of banks and FIs and enhancing creditor rights.
  - One Time Settlement and Negotiated settlement schemes are also available. As per OTS scheme, OTS for NPAs up to 10 crore, the minimum amount to be recovered should be 100 percent of the outstanding balance in the account.
  - Preventive measures such as proper documentation of credit policy, credit audit should be immediately done after sanction. Quick diagnosis of such accounts should be made so that they do not become NPAs.
  - Special cells should be appointed to follow up Debt Recovery Tribunal cases.
  - Doubtful and loss assets should be written off within the framework of broad parameters.
  - Dues of sick companies can be settled through compromise and one time settlement.
  - PSBs should use their extensive network for lending for wholesale and retail trade, housing, agriculture etc in order to reduce NPAs.
- Rigorous efforts on the part of banks coupled with policy initiatives will help banks to improve their performance. It is important to prevent the deterioration of asset quality and timely handling of potential NPA accounts. Three key steps which should be strictly followed in order to prevent the occurrence of NPA accounts: i) Regular monitoring of the performance of each loan asset and its periodic review. ii) Early identification of problem assets for the success of remedial action. iii) Effective follow-up for recovery.

### OBJECTIVES OF THE STUDY

- To evaluate NPAs (Gross and Net) in different banks.
- To study the past trends of NPA.
- To make comparative analysis of NPAs of public, private and foreign banks.
- To suggest some measures to lower the level on NPAs.

### RESEARCH METHODOLOGY

The study is mainly descriptive in nature. It is mainly based on secondary data that has been collected from the published document of Reserve Bank of India viz. Report on Trend and Progress on Banking in India. Four purposes of the study four banks from each of public sector, private sector and foreign banks are selected. Statistical tools like averages and percentages are made use of.

### ANALYSIS AND INTERPRETATION

For the purpose of analysis and comparison between three bank groups Public sector banks (PSBs), Private sector banks (PBs) and Foreign Banks (FBs), four banks from each of the sectors are taken to compare the non performing assets of the banks. Four Public sector banks selected for the purpose of the study are: Allahabad Bank (AB), Bank of Baroda (BOB), United Bank of India (UBI), State Bank of India (SBI). Four private sector banks selected for the study are: Axis Bank, HDFC Bank, ICICI Bank, IndusInd Bank. Foreign banks that are included in study are: Citibank, Deutsche Bank, HSBC Bank, Standard Chartered Bank. Non Performing Assets are further bifurcated into priority sector and non-priority sector, Gross NPA and Net NPA in terms of percentages.

### GROSS NPA AND NET NPA

There are two concepts related to non-performing assets – gross and net. Gross refers to all NPAs on a banks' balance sheet irrespective of the provisions made. It consists of all the non-standard assets viz. sub-standard, doubtful and loss assets. Net NPA is gross NPA less provisions. Gross NPA reflects the quality of the loans made by banks whereas Net NPA shows the actual burden of banks. Here, gross and net NPA data for last five years 2004-05 to 2008-09 is taken for the purpose of comparison among banks and to observe past trends of NPAs. Gross and Net NPAs are taken as percentage of total Assets.

**Table 1: Gross NPA as percentage of total assets of PSBs.**

Year/Bank	AB	BOB	UBI	SBI
2004-2005	2.84	3.51	2.50	2.71
2005-2006	2.14	2.11	2.24	1.95
2006-2007	1.62	1.46	1.93	1.76
2007-2008	1.22	1.10	1.40	1.78
2008-2009	1.1	0.8	1.6	1.6

**Table 1.1: Gross NPA as percentage of total assets of PBs.**

Year/Bank	Axis Bank	HDFC Bank	ICICI Bank	IndusInd Bank
2004-2005	0.82	0.85	1.65	2.1
2005-2006	0.76	0.69	0.88	1.5
2006-2007	0.57	0.72	1.20	1.6
2007-2008	0.45	0.68	1.90	1.7
2008-2009	0.6	1.1	2.5	0.9

**Table 1.2: Gross NPA as percentage of total assets of FBs.**

Year/Bank	Citibank	Deutsche Bank	HSBC Bank	Standard Chartered Bank
2004-2005	1.09	0.08	1.47	1.49
2005-2006	0.86	0.07	0.85	1.49



2006-2007	0.80	0.06	0.72	1.36
2007-2008	0.94	0.24	0.92	0.98
2008-2009	1.7	1.0	1.6	1.1

Chart 1: Gross NPA of PSBs.

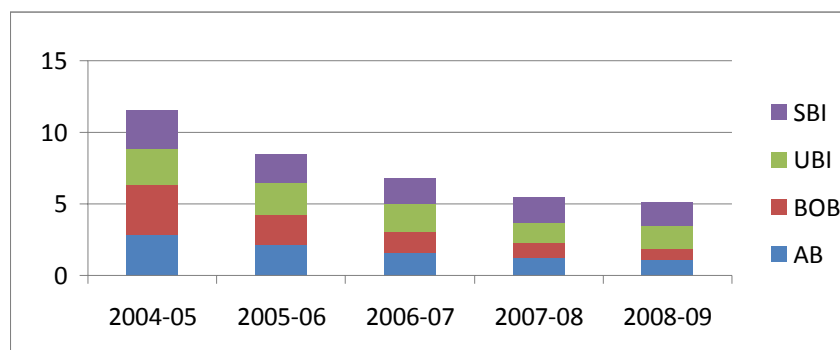


Chart 1.2: Gross NPA of PBs.

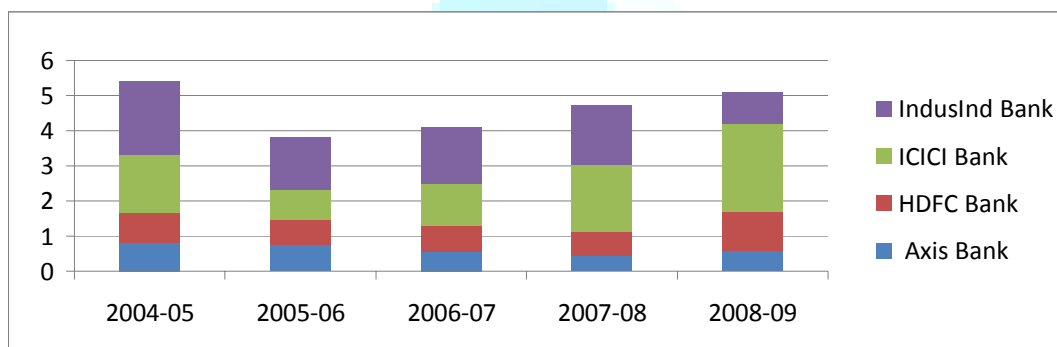
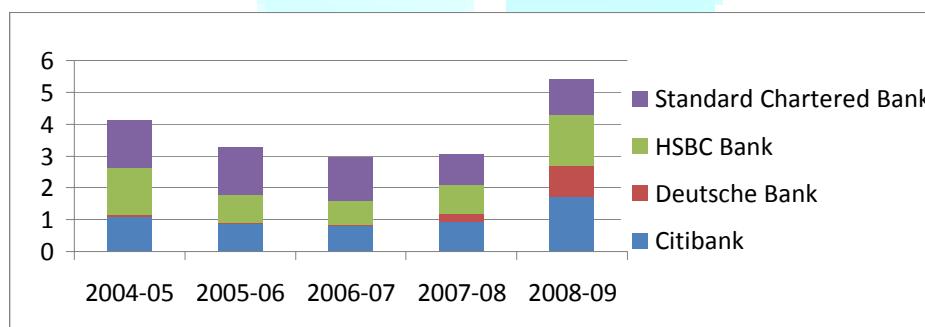


Chart 1.2: Gross NPA of FBs.



### COMPARISON OF GROSS NPA WITH ALL BANKS

The growing NPAs affect the health of banks, profitability and efficiency. It erodes the net worth of the banks. Financial health of banks and other financial institutions is seriously affected due to NPAs. All twelve banks gross NPA are taken together for better understanding of the trend. Average of these twelve banks gross NPAs in year 2008-09 is 1.3 as percentage of total assets. So if we compare in public sector banks that AB and BOB and in private sector banks Axis bank, HDFC bank, IndusInd bank are below the average of all banks. Deutsche bank and Standard Chartered bank are below average of all banks. Average of gross NPAs of all banks in year 2004-05 was 1.76; though in year 2008-09 it has declined but has increased in comparison to previous year. Average of these four public sector banks gross NPA and that of four private banks gross NPA is 1.28 whereas that of foreign banks is 1.35 which is higher as compared to both groups of banks.

Chart 2.3: Gross NPA of all banks for year 2008-09.

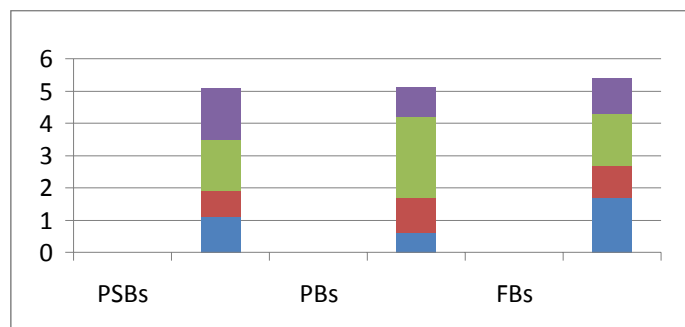


Table 2: Net NPA as percentage of total assets of PSBs.

Year/Bank	AB	BOB	UBI	SBI
2004-05	0.60	0.65	0.95	1.16
2005-06	0.45	0.46	0.71	0.99
2006-07	0.65	0.35	0.79	0.93
2007-08	0.48	0.27	0.56	1.03
2008-09	0.4	0.2	0.8	1.0

Table 2.1 Net NPA as percentage of total assets of PBs.

Year/Bank	Axis Bank	HDFC Bank	ICICI Bank	IndusInd Bank
2004-05	0.57	0.12	0.90	1.6
2005-06	0.44	0.21	0.42	1.1
2006-07	0.36	0.22	0.58	1.3
2007-08	0.23	0.22	0.87	1.3
2008-09	0.2	0.3	1.2	0.6

Table 2.2 Net NPA as percentage of total assets of FBs.

Year/Bank	Citibank	Deutsche Bank	HSBC Bank	Standard Chartered Bank
2004-05	0.54	-	0.23	0.60
2005-06	0.51	-	0.26	0.82
2006-07	0.51	-	0.18	0.73
2007-08	0.56	0.08	0.23	0.47
2008-09	1.0	0.3	0.4	0.5

Chart 2: Net NPA of PSBs.

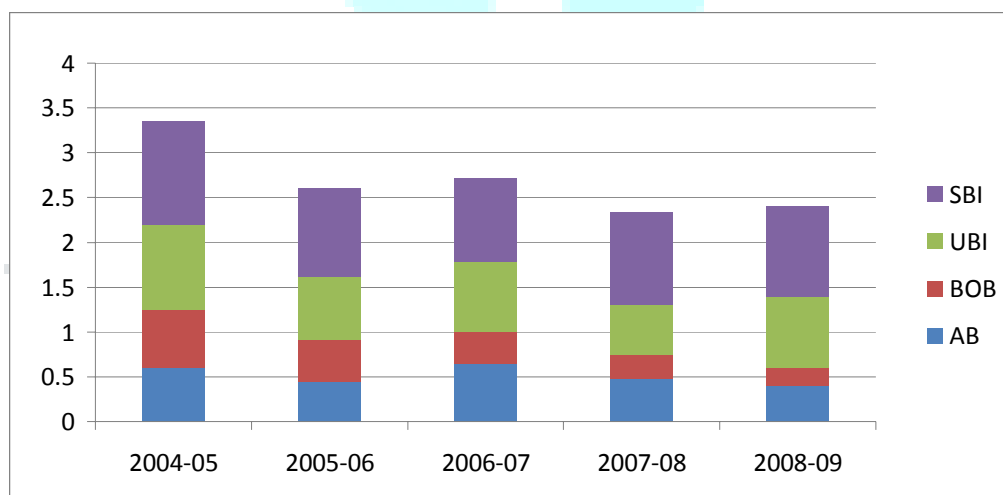


Chart 2.1: Net NPA of PBs.

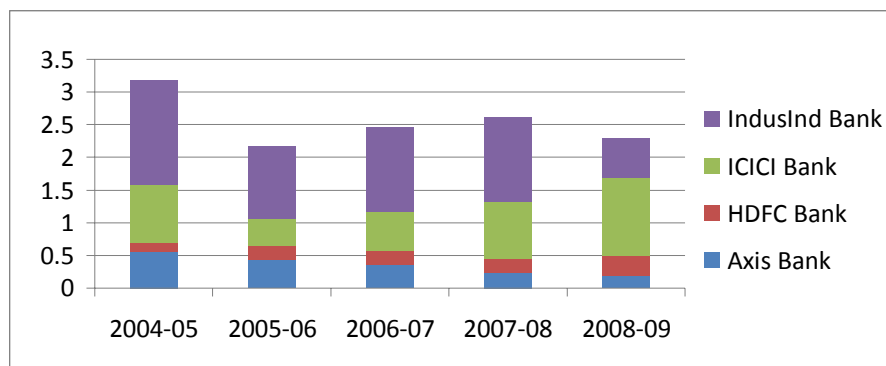
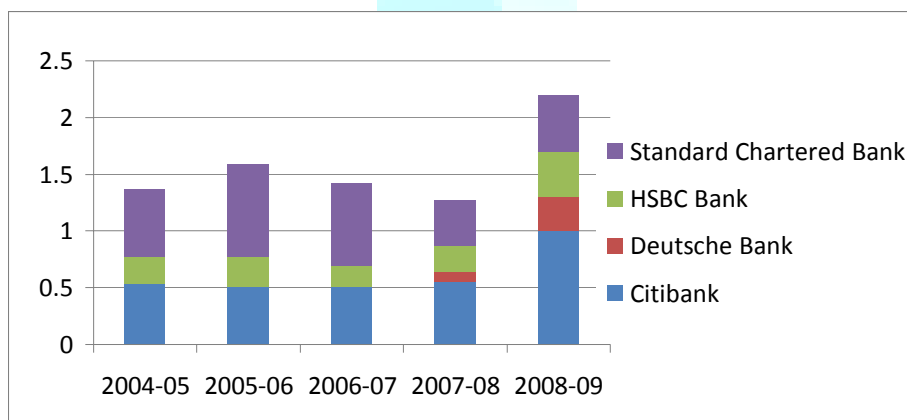


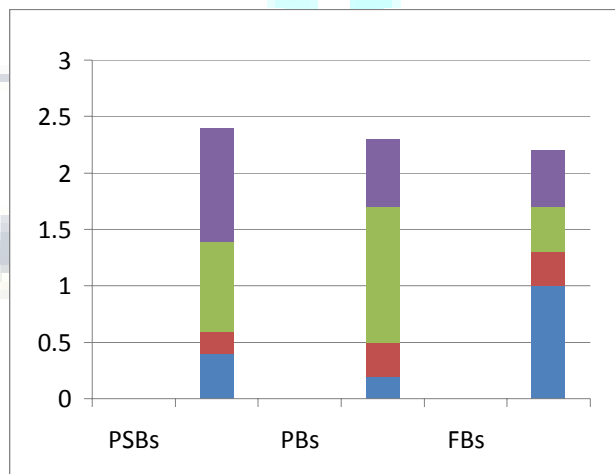
Chart 2.2: Net NPA of FBs.



### COMPARISON OF NET NPA WITH ALL BANKS

Average of all twelve banks taken for study is 0.58. In PSBs AB and BOB are below average. Axis Bank and HDFC Bank are below average though the average of these four private sector banks is same that of average of all twelve banks that is 0.58. Private sector banks net NPA average is 0.58 and in public sector banks it is 0.61 and that of foreign banks is 0.55. There is little difference in average of all the three groups of banks. Net NPA shows actual burden of banks. ICICI bank shows the highest Net NPA figure in the year 2008-09. Axis Bank and BOB show the lowest. IndusInd Bank showed the highest net NPA figure in the year 2004-05. Average of Net NPA of all twelve banks in year 2004-05 was 0.65 and it declined to 0.58 in the year 2008-09. The Net NPA figure in 2008-09 is higher than that of previous year.

Chart 2.3: Net NPAs of Banks for year 2008-09



### PRIORITY AND NON-PRIORITY SECTOR

NPAs can be further bifurcated into priority sector and non-priority sector. Agriculture, small scale industries and others are included in priority sector. In case of Foreign Banks priority sector also includes export trade.

Table3: Sector- wise NPAs of PSBs (as at end March 2009)

(Amount in Rs. Crores)

Bank/Sector	Agriculture	Small scale Industries	Others	Priority Sector (1+2+3)	Non-Priority Sector
AB	203	185	283	671	389
BOB	225	307	287	820	843
UBI	191	231	295	717	303
SBI	1789	1712	3509	7010	7932
Total	2408	2435	4374	9218	9467

Table 3.1: Sector- wise NPAs of PBs (as at end March 2009).

(Amount in Rs Crores)

Bank/Sector	Agriculture	Small scale Industries	Others	Priority Sector (1+2+3)	Non-Priority Sector
Axis Bank	123	9	166	297	519
HDFC Bank	101	211	67	380	1604
ICICI Bank	874	15	560	1449	8116
IndusInd Bank	34	1	64	99	156
Total	1132	236	857	2225	10395

Table 3.2: Sector-wise NPAs of FBs (as at end March 2009).

(Amount in Rs Crores)

Bank/Sector	Agriculture	Small Scale Industries	Others	Priority Sector	Non-Priority Sector
Citibank	-	-	153	153	1934
Deutsche Bank	-	-	7	7	237
HSBC Bank	-	140	117	257	1283
Standard Chartered Bank	-	40	84	124	934
Total	-	180	361	541	4388

Chart 3: Sector-wise NPAs of PSBs (as at end March 2009).

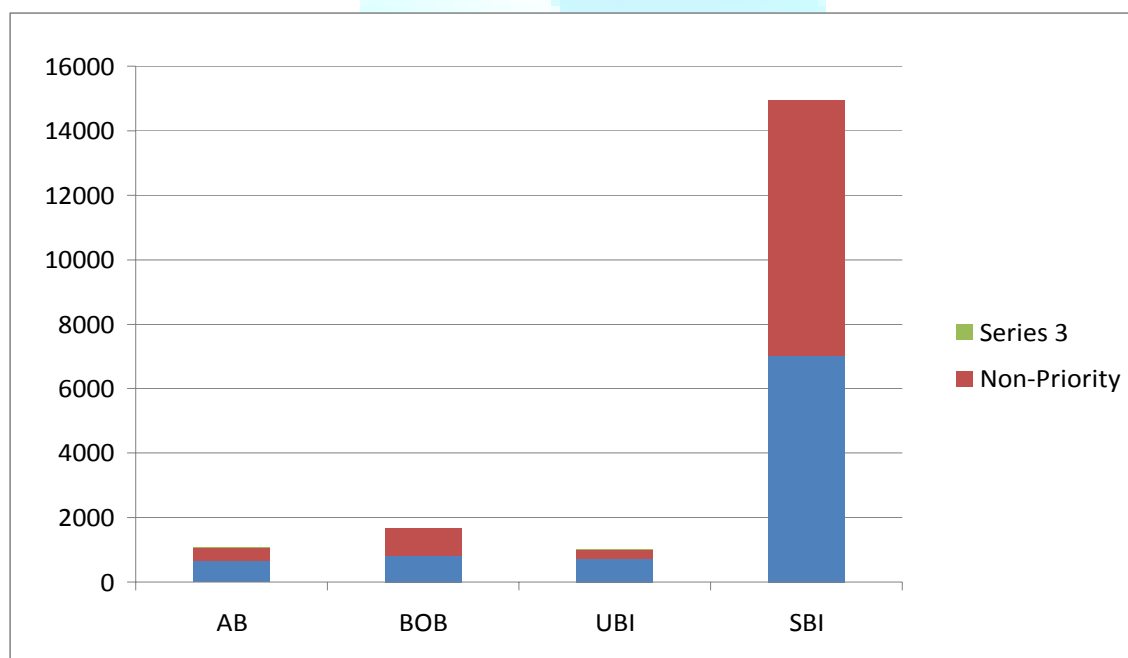


Chart 3.1: Sector-wise NPAs of PBs (as at end March 2009).

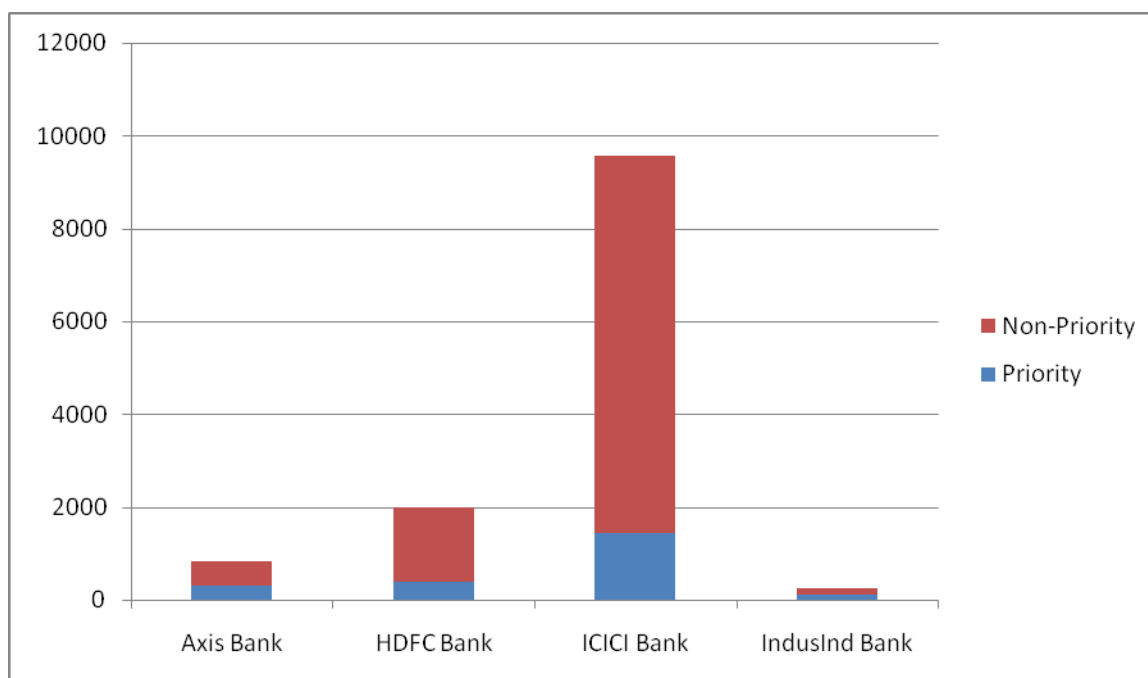
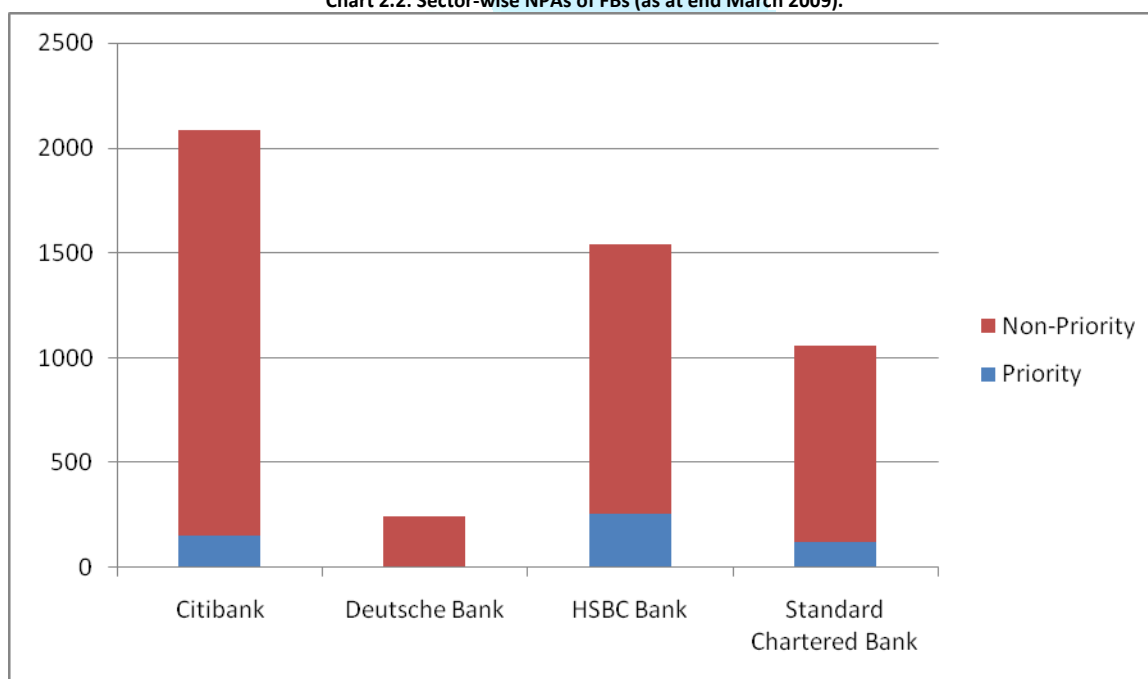


Chart 2.2: Sector-wise NPAs of FBs (as at end March 2009).



In private sector banks ICICI Bank has the highest NPA in both sector in comparison to other private sector banks. Approximately, 65 percent of NPA is with ICICI Bank with Rs 1449 crore in priority sector and around 78 percent in non-priority sector with Rs 8116 crore. There is more of NPAs in non-priority sector than priority sector. In case of public sector banks SBI has the highest NPA in both sector while Allahabad bank has lowest NPA in priority sector and UBI has lowest NPA in non-priority sector. It is obvious from the table that public sector banks give more advances to priority sector in comparison to private sector banks and foreign banks. Private sector banks have more of NPAs in non-priority sector. Foreign banks have almost negligible NPAs in agriculture sector. HSBC bank has the highest percentage 48 percent in case of priority sector with Rs 275 crores whereas Citibank has the highest NPAs in non-priority sector with Rs 1934 crores.

Table 3: Sector-wise NPAs of PSBs, PBs &amp; FBs (for the year 2008 &amp; 2009). Sector/Bank

Year	PSBs, PBs, FBs		PSBs, PBs, FBs		PSBs, PBs, FBs	
	2008	2009	2008	2009	2008	2009
Priority	25,286.67	24,318	3418.53	3640	402	649

<b>Public</b>	<b>298.69</b>	<b>474</b>	<b>.01</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>Non-Priority</b>	<b>14163.14</b>	<b>19,251</b>	<b>9557.52</b>	<b>13172</b>	<b>2712</b>	<b>6509</b>
<b>Total</b>	<b>39,748.51</b>	<b>44,042</b>	<b>12,976.06</b>	<b>16,887</b>	<b>3114</b>	<b>7155</b>

Comparison of all PSBs, PBs and FBs is done on priority and non-priority sector NPAs. The figures depict differentiating results. The major reason being that PSBs have vast network of branches spread across the length and breadth of the country. PBs and FBs do not enjoy this extensive coverage. There is huge difference in NPAs of PSBs, PBs and FBs. PSBs has greater NPAs in priority sector whereas PBs and FBs have greater NPAs in non-priority sector.

### CONCLUSION AND SUGGESTIONS

It can be concluded that NPAs are not confined to PSBs alone but are present in private banks and foreign banks as well. There is more of NPAs in non-priority sector than priority sector. The figures of Gross and Net NPAs of PSBs have improved over the years because of rigorous policy initiatives and enforcement of various legal and non-legal measures. SBI among PSBs, ICICI among PBs, Citibank among FBs have to bear greater burden of NPAs. Following suggestions can be given to reduce the level of NPAs:

- Professional people should be recruited and associated at all levels of credit appraisal. They can be CAs, lawyers, MBAs, banking experts etc.
- Compromise should be considered better remedy than recovery through legal suits.
- Proper survey of difficulties of customers should be made and adequate assistance should be accordingly provided.
- Banks and financial Institutions together with Central Government should establish more courts for quicker remedies.
- Recovery agents should be appointed to collect on daily basis from transport operators, retail traders etc.
- Bank branches in various sectors should be given more autonomy so that they can take quick and timely decisions regarding NPA accounts.
- Collection of interest from creditors should be on monthly basis instead of quarterly basis.
- Banking staff should be well trained to properly monitor creditworthiness of the borrowers.
- Political interference should be eliminated in disbursement of loans and advances.

### REFERENCES

1. Raju D.N.M "Evaluation of the Performance of State Bank of India with special reference to Non-Performing Assets (NPAs)", Finance India, Indian Institute of Finance, Vol. XXIII, No.3, September 2009, Pages 985-989.
2. Rao Suryachandra D. "Banking Reforms in India- An Evaluative Study of the Performance of Commercial Banks", Regal Publications, New Delhi, 2008, pages.284-296.
3. Uppal R.K "Indian banking in the Globalised World", New Century Publications, New Delhi, 2008, pages. 192-198.
4. Gulati Sonu et al. "Banks Curtail Non- Performing Assets", Banking in the New Millennium- Issue, Challenges and Strategies in R.K. Uppal and Rimpi Kaur (ed.), Mahamaya Publishing House, New Delhi, 2007, pages.328-337.
5. Mohan N.J. Monteiro & Ananthan B.R. "NPAs in Public Sector Banks: Causes and Cures- An Analysis of Manager's Perception", The Indian Journal of Commerce, Vol. 60, No. 2, April-June 2007, pages 1-11.
6. Singh Sultan "Banking Sector Reforms in India", Kanishka Publishers, New Delhi, 2007, pages. 21-51.
7. Rajaraman I & Vashishta G "Non-Performing Loans of Indian Public Sector Banks- Some Panel Results", Economic and Political Weekly, February, 2002.
8. Reddy Prashanth K "A Comparative Study of Non-Performing Assets in India in the Global context-similarities and dissimilarities, remedial measures" CYTL Paper Contest, Indian Institute of Management, October, 2002, pages 1-16.
9. Shakunthalamani P. "Non-Performing Assets in Banks: Impact and Management" in Banking in the New Millennium- Issues, Challenges and Strategies, S. Gurusamy (ed.), Kanishka Publishers, New Delhi, 2001, pages.201-213.
10. ThambiRaj K. Selwyn "An Analysis of Non-Performing Assets (NPAs) with Banks" in Banking in the New Millennium- Issues, Challenges and Strategies, S. Gurusamy (ed.), Kanishka Publishers, New Delhi, 2001, pages.240-246.
11. Reserve Bank of India, Report on Trend and Progress of Banking in India 2008-09, RBI Mumbai.
12. Reserve Bank of India, Report on Trend and Progress of Banking in India 2007-08, RBI Mumbai.
13. The Economic Times, Various Editions.

## **REQUEST FOR FEEDBACK**

**Esteemed & Most Respected Reader,**

At the very outset, International Journal of Research in Commerce and Management (IJRCM) appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to take this opportunity to request to your good self to supply your critical comments & suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **info@ijrcm.org.in** or **infoijrcm@gmail.com** for further improvements in the interest of research.

If your good-self have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**