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"A Study of Non Performing Assets with Special Reference to Axis Bank"

Bhanotu Babu
Master of Business Administration - (MBA),
Joginpally B.R.Engineering College,
JNTU – Hyderabad.

ABSTRACT:

A strong banking sector is important for flourishing economy. The failure of the banking sector may have an adverse impact on other sectors. Non-performing assets are one of the major concerns for banks in India. NPAs reflect the performance of banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPA growth involves the necessity of provisions, which reduces the over all profits and shareholders value. The issue of Non Performing Assets has been discussed at length for financial system all over the world. The problem of NPAs is not only affecting the banks but also the whole economy. In fact high level of NPAs in Indian banks is nothing but a reflection of the state of health of the industry and trade. This report deals with understanding the concept of NPAs, its magnitude and major causes for an account becoming non-performing, projection with special reference to AXIS bank.

INTRODUCTION:

The crucial role of bank economists in transforming the banking system in India. Economists have to be more 'mainstreamed' within the operational structure of commercial banks. Apart from the traditional functioning of macro-scanning, the inter linkages between treasuries, dealing rooms and trading rooms of banks need to be viewed not only with the day-to-day needs of operational necessity, but also with analytical content and policy foresight. Banking sector reforms in India has progressed promptly on aspects like interest rate deregulation, reduction in statutory reserve requirements, prudential norms for interest rates, asset classification, income recognition and provisioning. But it could not match the pace with which it was expected to do. The accomplishment of these norms at the execution stages without restructuring the banking sector as such is creating havoc. During pre-nationalization period and after independence, the banking sector remained in private hands Large industries who had their control in the management of the banks were utilizing major portion of financial resources of the banking system and as a result low priority was accorded to priority sectors.

Government of India nationalized the banks to make them as an instrument of economic and social change and the mandate given to the banks was to expand their networks in rural areas and to give loans to priority sectors such as small scale industries, self-employed groups, agriculture and schemes involving women. To a certain extent the banking sector has achieved this mandate. Lead Bank Scheme enabled the banking system to expand its network in a planned way and make available banking series to the large number of population and touch every strata of society by extending credit to their productive endeavours. This is evident from the fact that population per office of commercial bank has come down from 66,000 in the year 1969 to 11,000 in 2004.

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Similarly, share of advances of public sector banks to priority sector increased form 14.6% in 1969 to 44% of the net bank credit. The number of deposit accounts of the banking system increased from over 3 crores in 1969 to over 30 crores. Borrowed accounts increased from 2.50 lakhs to over 2.68 crores.

OBJECTIVE OF THE STUDY

Following are the objectives of the study:

- What types of challenges banking industry is facing with special reference to NPA.
- How AXIS bank cope with NPA and its impact in recent economic crisis.
- To find the factors that would effect level of NPAs.
- To analyze the significance of each variable that might effect the NPA level.
- To understand what is Non Performing Assets and what are the underlying reasons for the emergence of the NPAs.
- To understand the impacts of NPAs on the operations of the banks.
- To know what steps are being taken by the Indian banking sector to reduce the NPAs?
- To evaluate the comparative ratio of the banks with concerned to the NPAs.

NEEDS OF THE STUDY

The banks not only accept the deposits of the people but also provide them credit facilities for their development. Indian banking sector has the nation in developing the business and service sectors. But recently the banks are facing the problem of credit risk. It is found that many general people and business people borrow from the banks but due to some genuine or other reasons are not able to repay back the amount drawn to the banks. The amount which is not given back to the banks is known as the non performing assets. Many banks are facing the problem of NPAs which hampers the business of the banks. Due to NPAs the income of the banks is reduced and the banks have to make the large number of the provisions that would curtail the profit of the banks and due to that the financial performance of the banks would not show good results.

RESEARCH METHODOLOGY

The research methodology means the way in which we would complete our prospected task. Before undertaking any task it becomes very essential for anyone to determine the problem of study. I have adopted the following procedure in completing my study report.

1. Formulating the problem
2. Research design
3. Determining the data sources
4. Analyzing the data
5. Interpretation
6. Preparing research report

(1) Formulating the Problem

I am interested in the banking sector and I want to make my future in the banking sector so decided to make my research study on the banking sector. I analyzed first the factors that are important for the banking sector and I came to know that providing credit facility to the borrower is one of the important factors as far as the banking sector is concerned. On the basis of the analyzed factor, I felt that the important issue right now as far as the credit facilities are provided by bank is non performing assets. I started knowing about the basics of the NPAs and decided to do study on the NPAs. So, I choose the topic "A STUDY OF NON PERFORMING ASSETS" with special reference to AXIS BANK LTD.

(2) Research Design

The research design tells about the mode with which the entire project is prepared. My research design for this study is basically descriptive. Because I have utilized the large number of data of the banks.

(3) Determining The Data Source

The data source can be primary or secondary. The primary data are those for data which are used for the first time in the study. However such data take place

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much time and are also expensive. Whereas the secondary data are those data which are already available in the market. These data are easy to search and are not expensive too. For my study I have utilized totally the secondary data. Which is raw in state I analyzed this data for my research purpose.

Source of Secondary Data

- Annual reports of banks
- Reports of RBI
- Internet
- Books etc.

Data generated by the comparison of banks:
For this purpose I compare following facts or data of banks

- Comparison of credit growth with GNPA and NNPA
- Between credit growth and repo rate
- Comparison of unsecured loans
- Comparison of deposit growth
- Comparison of provision coverage

(4) Analyzing the Data

The primary data would not be useful until and unless they are well edited, tabulated and analyzed. When the person receives the primary data many unuseful data would also be there. So, I analyzed the data and edited them and turned them in the useful tabulations. So, that it can become useful in my report.

LITERATURE REVIEW

Macro Perspective Behind NPAs

A lot of practical problems have been found in Indian banks, especially in public sector banks. For Example, the government of India had given a massive wavier of Rs. 15,000 Crs. under the Prime Minister ship of Mr. V.P. Singh, for rural debt during 1989-90. This was not a unique incident in India and left a negative impression on the payer of the loan. Poverty elevation programs like IRDP, RREP, SUME, SEPUP, JRY, PMRY etc., failed on various grounds in meeting their objectives.

The huge amounts of loan granted under these schemes were totally unrecoverable by banks due to political manipulation, misuse of funds and non-reliability of target audience of these sections. Loans given by banks are their assets and as the repayments of several of the loans were poor, the qualities of these assets were steadily deteriorating. Credit allocation became 'Lon Melas', loan proposal evaluations were slack and as a result repayments were very poor. There are several reasons for an account becoming NPA.
* Internal factors
* External factors

EXTERNAL FACTORS

Ineffective recovery tribunal

The Govt. has set of numbers of recovery tribunals, which works for recovery of loans and advances. Due to their negligence and ineffectiveness in their work the bank suffers the consequence of non-recover, their by reducing their profitability and liquidity.

Willful Defaults

There are borrowers who are able to payback loans but are intentionally withdrawing it. These groups of people should be identified and proper measures should be taken in order to get back the money extended to them as advances and loans.

Natural calamities

This is the measure factor, which is creating alarming rise in NPAs of the PSBs. every now and then India is hit by major natural calamities thus making the borrowers unable to pay back there loans. Thus the bank has to make large amount of provisions in order to compensate those loans, hence end up the fiscal with a reduced profit.Mainly ours framers depends on rain fall for cropping. Due to irregularities of rain fall the framers are not to achieve the production level thus they are not repaying the loans.

Industrial sickness

Improper project handling , ineffective management , lack of adequate resources, lack of advance technology

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, day to day changing govt. Policies give birth to industrial sickness. Hence the banks that finance those industries ultimately end up with a low recovery of their loans reducing their profit and liquidity.

Lack of demand

Entrepreneurs in India could not foresee their product demand and starts production which ultimately piles up their product thus making them unable to pay back the money they borrow to operate these activities. The banks recover the amount by selling of their assets, which covers a minimum label. Thus the banks record the non recovered part as NPAs and has to make provision for it.

Change on Govt. policies

With every new govt. banking sector gets new policies for its operation. Thus it has to cope with the changing principles and policies for the regulation of the rising of NPAs. The fallout of handloom sector is continuing as most of the weavers Co-operative societies have become defunct largely due to withdrawal of state patronage. The rehabilitation plan worked out by the Central govt to revive the handloom sector has not yet been implemented. So the over dues due to the handloom sectors are becoming NPAs. Apart from these factors there may be others external factors which can cause of NPA's, these factors are:

1. Sluggish legal system - Long legal tangles Changes that had taken place in labour laws Lack of sincere effort.
2. Scarcity of raw material, power and other resources.
3. Industrial recession.
4. Shortage of raw material, raw material\input price escalation, power shortage, industrial recession, excess capacity, natural calamities like floods, accidents.
5. Failures, nonpayment\ over dues in other countries, recession in other countries, externalization problems, adverse exchange rates etc.
6. Government policies like excise duty changes, Import duty changes etc.,

INTERNAL FACTORS

Defective Lending process

There are three cardinal principles of bank lending that have been followed by the commercial banks since long.

i. Principles of safety
ii. Principle of liquidity
iii. Principles of profitability

i. Principles of safety

By safety it means that the borrower is in a position to repay the loan both principal and interest. The repayment of loan depends upon the borrowers:

a. Capacity to pay
b. Willingness to pay

Capacity to pay depends upon: 1. Tangible assets 2. Success in business

Willingness to pay depends on: 1. Character 2. Honest 3. Reputation of borrower

The banker should, there fore take utmost care in ensuring that the enterprise or business for which a loan is sought is a sound one and the borrower is capable of carrying it out successfully .he should be a person of integrity and good character.

Inappropriate technology

Due to inappropriate technology and management information system, market driven decisions on real time basis can not be taken. Proper MIS and financial accounting system is not implemented in the banks, which leads to poor credit collection, thus NPA. All the branches of the bank should be computerized.

Improper swot analysis

The improper strength, weakness, opportunity and threat analysis is another reason for rise in NPAs. While providing unsecured advances the banks depend more on the honesty, integrity, and financial soundness and credit worthiness of the borrower.

1. Banks should consider the borrowers own capital investment.

2. It should collect credit information of the borrowers from
a. From bankers
b. Enquiry from market/segment of trade, industry, business.
c. From external credit rating agencies. · Analyse the balance sheet
True picture of business will be revealed on analysis of profit/loss a/c and balance sheet.

3. Purpose of the loan
When bankers give loan, he should analyse the purpose of the loan. To ensure safety and liquidity, banks should grant loan for productive purpose only. Bank should analyse the profitability, viability, long term acceptability of the project while financing.

Poor credit appraisal system

Poor credit appraisal is another factor for the rise in NPAs. Due to poor credit appraisal the bank gives advances to those who are not able to repay it back. They should use good credit appraisal to decrease the NPAs.

Managerial deficiencies

The banker should always select the borrower very carefully and should take tangible assets as security to safe guard its interests. When accepting securities banks should consider the
1. Marketability
2. Acceptability
3. Safety
4. Transferability.

The banker should follow the principle of diversification of risk based on the famous maxim “do not keep all the eggs in one basket”; it means that the banker should not grant advances to a few big farms only or to concentrate them in few industries or in a few cities. If a new big customer meets misfortune or certain traders or industries affected adversely, the overall position of the bank will not be affected.

Like **OSCB suffered** loss due to the OTM Cuttack, and Orissa hand loom industries. The biggest defaulters of OSCB are **the OTM (117.77lakhs)**, and the handloom sector Orissa **hand loom WCS ltd (2439.60lakhs).**

Absence of regular industrial visit

The irregularities in spot visit also increases the NPAs. Absence of regularly visit of bank officials to the customer point decreases the collection of interest and principals on the loan. The NPAs due to wilful defaulters can be collected by regular visits.

Re loaning process

Non remittance of recoveries to higher financing agencies and re loaning of the same have already affected the smooth operation of the credit cycle**.** Due to re loaning to the defaulters and CCBs and PACs, the NPAs of OSCB is increasing day by day.

Apart from these the other internal factors are:
1. Funds borrowed for a particular purpose but not use for the said purpose.
2. Project not completed in time.
3. Poor recovery of receivables.
4. Excess capacities created on non-economic costs.
5. In-ability of the corporate to raise capital through the issue of equity or other debt instrument from capital markets.
6. Business failures.
7. Diversion of funds for expansion\ modernization\ setting up new projects\ helping or promoting sister concerns.
8. Willful defaults, siphoning of funds, fraud, disputes, management disputes, mis-appropriation etc.,
9. Deficiencies on the part of the banks viz. in credit appraisal, monitoring and follow-ups, delay in settlement of payments\ subsidiaries by government bodies etc.,

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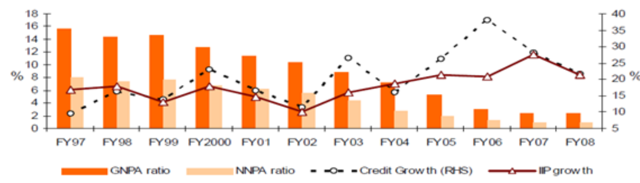

Basel Report Framework and India

Various risks in bank

Liquidity Risk

Market Liquidity Risk arises when a bank is unable to conclude a large transaction in a particular instrument near the current market price. Funding Liquidity Risk is defined as the inability to obtain funds to meet cash flow obligations. For banks, funding liquidity risk is more crucial.

Interest Rate Risk

Interest Rate Risk (IRR) is the exposure of a Bank's financial condition to adverse movements in interest rates. Banks have an appetite for this risk and use it to earn returns. IRR manifests itself in four different ways: re-pricing, yield curve, basis and embedded options.

Pricing Risk

Pricing Risk is the risk to the bank's financial condition resulting from adverse movements in the level or volatility of the market prices of interest rate instruments, equities, commodities and currencies. Pricing Risk is usually measured as the potential gain/loss in a position/portfolio that is associated with a price movement of a given probability over a specified time horizon. This measure is typically known as value-at-risk (VAR).

Foreign Currency Risk

Foreign Currency Risk is pricing risk associated with foreign currency.

Market Risk

The term Market Risk applies to (i) that part of IRR which affects the price of interest rate instruments, (ii) Pricing Risk for all other assets/portfolio that are held in the trading book of the bank and (iii) Foreign Currency Risk.

Strategic Risk

Strategic Risk is the risk arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

Reputation Risk

Reputation risk is the risk arising from negative public opinion. This risk may expose the institution to litigation, financial loss, or a decline in customer base.

Transaction Risk

Transaction risk is the risk arising from fraud, both internal & external, failed business processes and the inability to maintain business continuity and manage information.

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputation loss that a bank may suffer as a result of its failure to comply with any or all of the applicable laws, regulations, codes of conduct and standards of good practice. It is also called integrity risk since a bank's reputation is closely linked to its adherence to principles of integrity and fair dealing.

Operational Risk

The term Operational Risk includes both compliance risk and transaction risk but excludes strategic risk and reputation risk.

Credit Risk

Credit Risk is most simply defined as the potential of a bank borrower or counter-party to fail to meet its obligations in accordance with agreed terms.

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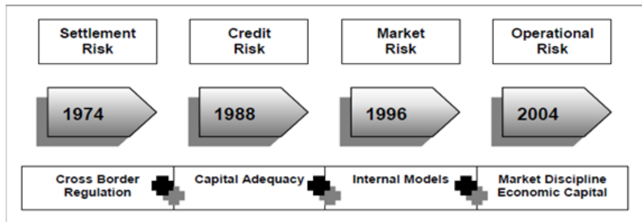
For most banks, loans are the largest and most obvious source of credit risk.

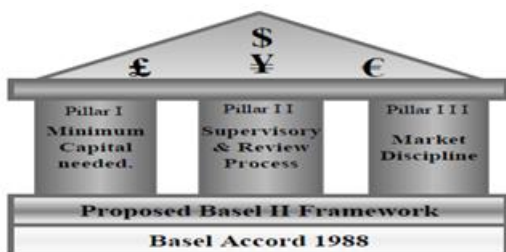
Evolution of Basel Committee Initiatives



The Basel I Accord and the 1996 Amendment thereto have evolved into Basel II, as depicted in the figure above.

The New Accord (Basel II)

Close on the heels of the 1996 amendment to the Basel I accord, in June 1999 BCBS issued a proposal for a New Capital Adequacy Framework to replace the 1988 Accord. The proposed capital framework consists of three pillars: minimum capital requirements, which seek to refine the standardised rules set forth in the 1988 Accord; supervisory review of an institution's internal assessment process and capital adequacy; and effective use of disclosure to strengthen market discipline as a complement to supervisory efforts. The accord has been finalized recently on 11th May 2004 and the final draft is expected by the end of June 2004. For banks adopting advanced approaches for measuring credit and operational risk the deadline has been shifted to 2013, whereas for those opting for basic approaches it is retained at 2011.



The Need for Basel II

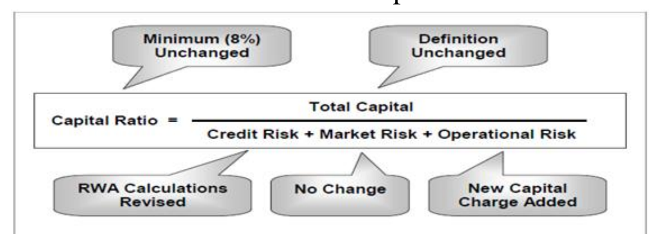
The 1988 Basel I Accord has **very limited risk sensitivity** and lacks **risk differentiation** (broad brush structure) for measuring credit risk. For example, all corporations carry the same risk weight of 100 per cent. It also gave rise to a significant gap between the regulatory measurement of the risk of a given transaction and its actual economic risk. The most troubling side effect of the gap between regulatory and actual economic risk has been the distortion of financial decision-making, including large amounts of **regulatory arbitrage**, or investments made on the basis of regulatory constraints rather than genuine economic opportunities. The strict rule based approach of the 1988 accord has also been criticised for its `one size fits all' prescription. In addition, it lacked proper recognition of credit risk mitigants such as credit derivatives, securitisation, and collaterals. The recent cases of frauds, acts of terrorism, hacking, have brought into focus the operational risk that the banks and financial institutions are exposed to.

The proposed new accord (Basel II) is claimed by BCBS to be `an improved capital adequacy framework intended to foster a strong emphasis on risk management and to encourage ongoing improvements in banks' risk assessment capabilities'. It also seeks to provide a `level playing field' for international competition and attempts to ensure that its implementation maintains the aggregate regulatory capital requirements as obtaining under the current accord. The new framework deliberately includes incentives for using more advanced and sophisticated approaches for risk measurement and attempts to align the regulatory capital with internal risk measurements of banks subject to supervisory review and market disclosure.

PILLAR I:

Minimum Capital Requirements

There is a need to look at proposed changes in the measurement of credit risk and operational risk.



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Credit Risk

Three alternate approaches for measurement of credit risk have been proposed. These are:

• Standardised
• Internal Ratings Based (IRB) Foundation
• Internal Ratings Based (IRB) Advanced

The **standardised approach** is similar to the current accord in that banks are required to slot their credit exposures into supervisory categories based on observable characteristics of the exposures (e.g. whether the exposure is a corporate loan or a residential mortgage loan). The standardised approach establishes **fixed risk weights** corresponding to each supervisory category and makes use of **external credit assessments** to enhance risk sensitivity compared to the current accord. The risk weights for sovereign, inter-bank, and corporate exposures are differentiated based on external credit assessments. An important innovation of the standardised approach is the requirement that loans considered `past due' be risk weighted at 150 per cent unless, a threshold amount of specific provisions has already been set aside by the bank against that loan.

Credit risk mitigants (collaterals, guarantees, and credit derivatives) can be used by banks under this approach for capital reduction based on the market risk of the collateral instrument or the threshold external credit rating of recognised guarantors. Reduced risk weights for retail exposures, small and medium size enterprises (SME) category and residential mortgages have been proposed. The approach draws a number of distinctions between exposures and transactions in an effort to improve the risk sensitivity of the resulting capital ratios.

The IRB approach uses banks' internal assessments of key risk drivers as primary inputs to the capital calculation. The risk weights and resultant capital charges are determined through the combination of quantitative inputs provided by banks and formulae specified by the Committee.

The IRB calculation of risk weighted assets for exposures to sovereigns, banks, or corporate entities relies on the following four parameters:

- **Probability of default (PD)**, which measures the likelihood that the borrower will default over a given time horizon.
- **Loss given default (LGD),** which measures the proportion of the exposure that will be lost if a default occurs.
- **Exposure at default (EAD)**, which for loan commitment measures the amount of the facility that is likely to be drawn in the event of a default.
- **Maturity (M),** which measures the remaining economic maturity of the exposure.

Operational Risk

Within the Basel II framework, operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems, or external events. Operational risk identification and measurement is still in an evolutionary stage as compared to the maturity that market and credit risk measurements have achieved. As in credit risk, three alternate approaches are prescribed:

• Basic Indicator
• Standardised
• Advanced Measurement (AMA)

BANKING INDUSTRY

Banking in India

Banking in India originated in the last decades of the 18th century. The oldest bank in existence in India is the State Bank of India, a government-owned bank that traces its origins back to June 1806 and that is the largest commercial bank in the country. Central banking is the responsibility of the Reserve Bank of India, which in 1935 formally took over these responsibilities from the then Imperial Bank of India, relegating it to commercial banking functions. After India's independence in 1947, the Reserve Bank was nationalized and given broader powers.

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In 1969 the government nationalized the 14 largest commercial banks; the government nationalized the six next largest in 1980. Currently, India has 88 scheduled commercial banks (SCBs) - 27 public sector banks (that is with the Government of India holding a stake), 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 31 foreign banks. They have a combined network of over 53,000 branches and 17,000 ATMs. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

CHALLENGES FACING BANKING INDUSTRY IN INDIA

The banking industry in India is undergoing a major transformation due to changes in economic conditions and continuous deregulation. These multiple changes happening one after other has a ripple effect on a bank (Refer fig. 2.1) trying to graduate from completely regulated sellers market to completed deregulated customers market.

Figure 2.1

COMPANY PROFILE

Axis Bank is the third largest private sector bank in India. Axis Bank offers the entire spectrum of financial services to customer segments covering Large and Mid-Corporates, MSME, Agriculture and Retail Businesses. The Bank has a large footprint of 2402 domestic branches (including extension counters) and 12,922 ATMs spread across the country as on 31st March 2014. The overseas operations of the Bank are spread over its seven international offices with branches at Singapore, Hong Kong, DIFC (Dubai International Financial Centre), Colombo and Shanghai and representative offices at Dubai and Abu Dhabi. During the year, the Bank has upgraded its representative office in Shanghai, China to a branch to become the first Indian private sector bank to set up a branch in China. During the year, the Bank's overseas subsidiary namely Axis Bank UK Ltd. commenced banking operations. Axis Bank is one of the first new generation private sector banks to have begun operations in 1994. The Bank was promoted in 1993, jointly by Specified Undertaking of Unit Trust of India (SUUTI) (then known as Unit Trust of India),Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India Insurance Company Ltd. The shareholding of Unit Trust of India was subsequently transferred to SUUTI, an entity established in 2003. With a balance sheet size of Rs.3,83,245 crores as on 31st March 2014, Axis Bank has achieved consistent growth and stable asset quality with a 5 year CAGR (2015-14) of 21% in Total Assets, 19% in Total Deposits, 23% in Total Advances and 28% in Net Profit.

DATA ANALYSIS AND INTERPRETATION

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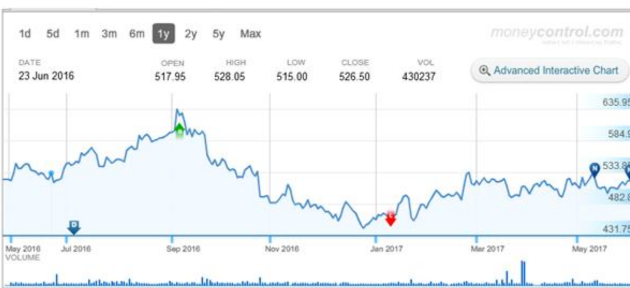
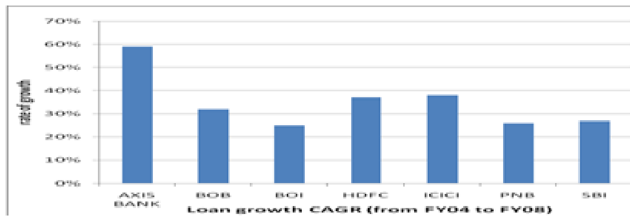


Loan growth CAGR (from FY04 to FY08)

AXIS BANK	BOB	BOI	HDFC	ICICI	PNB	SBI
59%	32%	25%	37%	38%	26%	27%

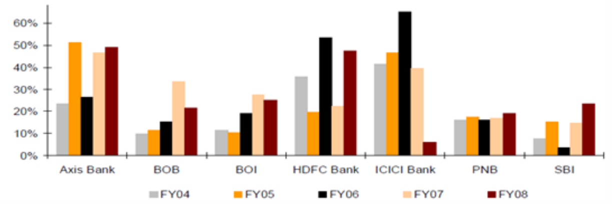


ROWTH METRIC - DEPOSIT COMPARISON

In terms of the deposit growth (CAGR) achieved by these banks during the last 5 years, Axis Bank and AXIS Bank retain top two slots as seen in loan growth. AXIS Bank registered a deposit growth of just 6% in FY08. This was in sharp contrast to the 40% growth the bank achieved in the 4 years before FY08. PSU banks, on the other hand, grew at a much slower pace.

Deposits growth CAGR (from FY04 to FY08)

AXIS BANK	BOB	BOI	HDFC	AXIS	PNB	SBI
43%	20%	20%	35%	38%	17%	14%



CONCLUSIONS

The issue of Non-Performing Assets (NPAs) in the financial sector has been an area of concern for all economies and reduction in NPAs has become synonymous with functional efficiency of financial intermediaries. Although NPAs are a balance sheet issue of individual banks and financial institutions, it has wider macroeconomic implications. It is important that, if resolution strategies for recovery of dues from NPAs are not put in place quickly and efficiently, these assets would deteriorate in value over time and only scrap value would be realized at the end. It should, however, be kept in mind that NPAs are an integral part of the business financial sector and the players are in as they are in the business of taking risk and their earnings reflect the risk they take. They operate in an environment, where there would be defaults as well as deterioration in portfolio value, as market movements can never be predicted with certainty. It is in this context, that countries have adopted regulatory measures and the guiding structure has been provided by the Basel guidelines.

SUGGESTION

After all these points, I just want to say that NPA is a big problem of banks. Due to this crisis the NPA are also increased. That's why all the banks are facing problems and AXIS bank is top most in those banks, AXIS banks has a big exposure in that crisis as compare to other banks. So banks have to take care of those banks. My recommendations are:

1. Strengthening provision norms and loan classification standards based on forward looking criteria (like future cash flows) were implemented.
2. Through securitization they can reduce NPA
3. Speed of action- the speedy containment of systematic risk and the domestic credit crunch

problem with the injection of large public fund for bank recapitalization are critical steps towards normalizing the financial system.

4. Strengthening legal system
5. Maintain required capital adequacy ratio as per basel 2 norms. That means now the provision for NPL will be more. This may look a conservative approach. But it should be implemented to reduce risk.
6. Modification in accounting system
7. Use the concept of credit derivative
8. Aligning of prudential norms with international standard.

LIMITATION OF THE STUDY

The limitation that I felt in my study are:

- It was critical for me to gather the financial data of the every bank of the public sector banks so the better evaluation of the performance of the banks are not possible.
- Since my study is based on the secondary data, the practical operation as related to the NPAs are adopted by the banks are not learned.
- Since the Indian banking sector is so wide so it was possible for me to cover all the banks of the Indian banking sector.

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