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A STUDY ON ANALYZING THE TREND OF NPA LEVEL IN PRIVATE SECTOR BANKS AND PUBLIC SECTOR BANKS WITH SPECIAL REFERENCE TO SBI AND ICICI

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ABSTRACT

Banking is an important segment of the tertiary sector and acts as a back bone of economic progress. Banks are supposed to be more directly and positively related to the performance of the economy. Lending fund is the main function of any bank. Banks lend funds to various sector such as agriculture, industry, personal and housing. A loan is an asset for a bank as the interest payments and the repayment of the principal create a stream of cash flows. It is from the interest payments that a bank makes profit.NPAs are one of the major areas of concern for the Indian banking industry. The problem of NPA is not limited to only Indian public sector banks, but it prevails in the entire banking industry. The objective of this study is to analyze the trend of the NPA in SBI and ICICI bank in India and to make a comparative study among the selected banks.This study shows that extent of NPA is comparatively very high in public sectors banks as compared to private banks. Although various steps have been taken by government to reduce the NPAs but still a lot needs to be done to curb this problem.

Keywords: Non-performing Assets, Public Sector Banks, Private Sector Banks, Comparative Study

INTRODUCTION

The banking system is a crucial component of the global economy. Banks are in the business of accepting deposits for the purpose of lending, and act as financial intermediaries between depositors with surplus funds and borrowers who are in need of funds (Banks are supposed to be more directly and positively related to the performance of the economy. The weak banking sector may have an unfavorable effect on other sectors). Bank lends funds to various sectors such as agriculture, industry, services, personal, housing etc. A loan is an asset for a bank as the interest payments and the repayment of the principal create a stream of cash flows. It is from the interest payments that a bank makes its profits. A banker shall be very cautious in lending because banker is not lending money out of his own capital. A major portion of the money lent comes from the deposits received from the public. Private and Public Sector Banks occupy a major part of banking in India. Public and Private Sector both played important role in the economic development of Nation. The best indicator for the health of the banking industry in a country is its level of Non-performing assets (NPAs). It reflects the performance of banks. NPA has a direct impact on the profitability, liquidity and solvency position of the bank. Higher NPA indicates inefficiency of the bank and lower NPA indicate better performance and management of funds. To improve the efficiency and profitability of banks the NPA need to be reduced and controlled.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. It is necessary to trim down NPAs to improve the financial health of the banking system.A Non-Performing Asset (NPA) is defined as a credit facility in respect of which the interest and/or installment of principal has remained past due for a specified period of time. In India, the definition of NPA's has changed over time. According to Narasimham Committee report(1991), those assets for which the interest and/ or installment of principal remain due for a period of four quarters (180 days) should be considered as NPA. With the aim of moving towards the international best practices and ensuring greater transparency, a standard criterion of "90 days" overdue was fixed for identification of NPA from the financial year ending March, 2004 in theIndian financial system. Thus as per present convention, a non performing asset refers to a loan or advance when it ceases to generate income for the bank. Earlier an asset was considered as Non-Performing Asset based on the concept of "**past dues**".

Accordingly, a Non-Performing Assets would be a loan or an advance where:

i. interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
ii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
iii. the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
iv. the instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
v. theamount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.
vi. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

In case of interest payments, banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Note: An account should be treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'. Any amount due to the bank under any credit facility is **'overdue'** if it is not paid on the due date fixed by the bank.

ASSET CLASSIFICATION

Banks are required to classify Non-Performing Assets further into the following three categories based on the period for which the asset has remained Non-Performing and the reliability of the dues:

i. Substandard Assets
ii. Doubtful Assets
iii. Loss Assets

Substandard Assets

With effect from March 31, 2005, a substandard asset would be one, which has remained NPA for a period less than or equal to 12 months. Such an asset will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

Doubtful Assets

With effect from March 31, 2005, an asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, – on the basis of currently known facts, conditions and values – highly questionable and improbable.

Loss Assets

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectable and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

TYPES OF NPA

- GROSS NPA: Gross NPA is an advance which is considered irrecoverable, for banks has made provisions, which is still held in bank's books of accounts. Gross NPA 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 loan made by banks.

  It can be calculated with the help of following ratio:

  Gross NPA Ratio= Gross NPAs / Gross Advances

- NET NPA: Net NPAs are those type of NPAs in which the bank has deducted the provisions regarding NPAs. Net NPA shows the actual burden of banks. Since in India, Banks balance sheets contain a huge amount of NPAs and the process of recovery and written off of loans is very time consuming, the banks have to make provisions against the NPAs according to the Central Bank guidelines.

  It can be calculated by following:

  NET NPA Ratio= Gross NPAs – Provisions / Gross advances – Provisions

Factors contributing to NPA

According to the recent study conducted by RBI, the factors contributing to NPA are divided into 2 segments

(i) Internal factors

(ii) External factors

(iii) Other factors

Internal factors

a) Diversion of fund for expansion, diversification, modernization or for taking up new projects.

b) Diversion of fund for assisting or promoting associate concerns.

c) Time or cost overrun during the project implementation stage.

d) Business failure due to product failure, failure in marketing etc.

e) Inefficiency in bank management.

f) Slackness in credit management and monitoring.

g) In appropriate technology or problems related to modern technology.

External factors

a) Recession in the economy as a whole

b) Price escalation of inputs.

c) Exchange rate fluctuations

d) Change in government policies

Other factors

a) Liberalization of the economy and the consequent pressures from liberalization like several competitions, reduction of tariffs etc.

b) Poor monitoring of credits and failure to recognize early warning signals shown by standard assets.

c) Sudden crashing of capital market and inability to raise adequate funds.

d) Mismatching of funds i.e. using loan granted for short term for long term transactions.

e) Granting of loans to certain sectors of the economy on the basis of government directives

rather than commercial imperatives.

REVIEW OF LITERATURE

 Rajeev, M., Mahesh, H.P., (2010) in their paper titled **"Banking Sector Reforms and NPA: A Study of Indian Commercial Banks"** tries to analyze the Indian trends of NPAs from various dimensions and explains how to recognize and reduce the problem of NPA. The paper also discusses the functions of the joint liability groups or self-help groups in enhancing the loan recovery rate.

 Patnaik, B.C.M., Satpathy, I., Mohapatra, A.K (2011) in their paper title **"Demystifying NPAs on education Loan: A survey (with special Reference to selected urban, rural areas and Bank officials of Odisha)"** tries to examine the quantitative trend and pattern in growth of NPA with special reference to the education loan scheme, in Odisha. Author explain the causes, by questionnaire survey of the defaulters, who are students of different colleges, author also gave suggestions to overcome the problem.

 Prasad and Veena (2011) in their study on **"NPAs Reduction Strategies for Commercial Banks in India"** stated that the Non- Performing Assets are like double edged sword. They do not generate any income, whereas, the bank is required to make provisions such as assets. The NPAs have destructive impact on the return on assets in the following ways. The interest income of banks reduced it is to be accounted only on receipt basis. The current profits of the banks are eroded because the providing of doubtful debts and writing it off as bad debts and it limits the recycling funds.

- **Chatterjee, Mukherjee and Das (2012)** in their study on **"Management of non-performing assets- a current scenario"** has concluded that early diagnosis of the problems and analysis of the reason for irregularity, with appropriate strategies Bank can prevent slippage as NPA. Proper identification of the guarantor should be checked by the Bank including scrutiny of his/her wealth. Framing reasonably well documented loan policy and rules. Sound credit appraisal on well-settled banking norms with emphasis on reduction in Gross NPAs rather than Net NPAs Position of overdue accounts is reviewed on a weekly basis to arrest slippage of fresh account to develop and the behavior of NPAs of the three categories of Banks is observed.

- **B.Selvarajan and Dr. G. Vadivalagan(2013**) stated in their paper **"A Study on management of Non-Performing Assets in priority sector reference to Indian banks and Public Sector banks"** that only Public Sector is not facing the problem of NPAs but the problem of NPAs is spread in the entire banking system. Priority sector lending is main cause of bad debts in Indian Banks. In the paper the priority sector advances has been analyzed in the detail under three major heads that is Agriculture, Small scale Industry and other priority sector. Further weaker section advances, which form part of priority sector, have also been studied.

- **H.S. (2013)** in the paper **"A study on causes and remedies for Non-Performing assets in Indian public sector banks with special reference to agricultural development branch, State Bank of Mysore"** has analyzed that bankers can avoid sanctioning loans to the non-creditworthy borrowers. There should be careful appraisal of the project which involves checking the economic viability of the project. A banker must consider the return on investment on a proposed project. If the calculated return is sufficiently higher than the credit amount he can sanction the loan. Secondly, he can constantly monitor the borrower in order to ensure that the amount sanctioned is utilized properly for the purpose to which it has been sanctioned. This involves the post sanction inspection by the banker.

Arora and Ostwal (2014) conducted study on **"Unearthing the Epidemic of Non-PerformingAssets: A Study of Public and Private Sector Banks"** which tries to explain the concept of Non-Performing assets and examine the classification of loan assets of Public and Private Sector Banks. It also analyzes the comparison of loan assets of Public sector and Private Sector Banks. The study concluded that Public Sectors declining due to increase in NPAs ratio compare to Private Sectors and suggest that there is need to check the NPAs of Public Sector banks so that Indian banking system becomes efficient.

OBJECTIVES OF THE STUDY:

- To evaluate the performance of the State Bank of India and ICICI Bank in India with reference to the problem of Non-Performing Assets.
- To analyze the trend of the NPA in State Bank of India and ICICI Bank in India.
- To make comparative study of NPA of SBI and ICICI Bank.

RESEARCH METHODOLOGY

SAMPLE SIZE:

The number of total scheduled commercial banks in India is 91 in which Public Sector Banks are 27, Private Sector Banks are 20 and Foreign Banks are 44. The study covers one bank from the Public sector and one bank from the Private Sector and their comparative study.

SOURCES AND COLLECTION OF DATA:

This research study is descriptive in nature .The present study is based on secondary data, obtained through annual reports of SBI and ICICI Bank, annual bulletins of Reserve Bank of India, statistical reports related to banking in India, journals, magazines, newspapers and other published material available.

PERIOD OF STUDY:

The present study has covered a period of five financial years from 2011-2012 to 2015-2016.

TOOLS AND TECHNIQUES

The data has been analyze by using tables, average, standard deviation, coefficient of variance and coefficient of correlation. Table is used to compare total advances, Gross NPA, Net NPA and Profit and show average, standard deviation and coefficient of variance of Gross NPA Ratio and Net NPA Ratio of SBI and ICICI Bank. By correlation we want to determine where there is any relationship between Net profit and Net NPA of SBI and ICICI Bank or not.

LIMITATATIONS:

- The study is mainly based on secondary data.
- The study is restricted to SBI and ICICI Bank only, results of study may not be applicable to other banks.

STATE BANK OF INDIA

The State Bank of India (SBI) is one of the leading bank in India. The State Bank of India (SBI) is India's largest commercial bank. The bank has been striving sincerely to adhere to the efforts of providing utmost customer satisfaction to the best possible extent. The SBI has at present extended its banking business all over India by establishing 16,000 branches. Not only this, the bank has made its roots secured internationally as well. At present, SBI has 131 branches in 32 countries all over the world. SBI caters the needs of the customers by providing services round the clock. Besides, the customers can also avail the facilities of online banking and transactions.

ICICI BANK

ICICI Bank is India’s largest Private Sector Bank with total assets of Rs.7206.95 billion(US$ 109 billion) at March 31, 2016 and profit after tax Rs.97.26 billion for the year ended March 31,2016. ICICI Bank currently has a network of 4501 Branches and 14,271 ATM’s across India. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its group companies.

INTERPRETATION AND ANALYSIS

Gross NPA Ratio of State Bank of India and ICICI BANK

The data related to Gross NPA of SBI and ICICI Bank have been collected and interpreted with the help of the following tables. In addition to this Average and Standard Deviation has been also calculated.

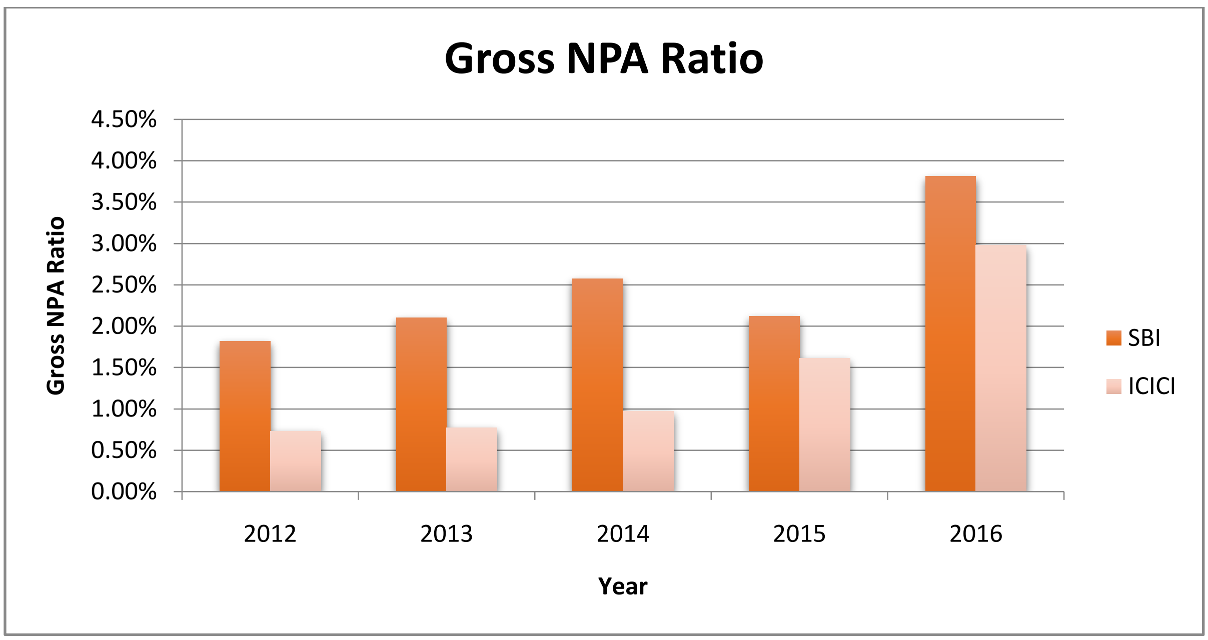
Table 1:

(Rs. in million)

	State Bank of India			ICICI Bank		
Year	Gross NPA	Gross Advances	Gross NPA Ratio	Gross NPA	Gross Advances	Gross NPA Ratio
2011-2012	371560	7578886	4.90%	92926	1923338	4.83%
2012-2013	511894	10785571	4.75%	96078	2984163	3.22%
2013-2014	616054	12451224	4.95%	105058	3472115	3.03%
2014-2015	567253	13354237	4.25%	150947	3989620	3.78%
2015-2016	981728	15094998	6.50%	262212	4501826	5.82%
Average	609697.8	11852983.2	5.07%	141444	3374212	4.14%
SD	227224.35	2851735.9	0.85%	71433.9	989570	1.17%

(Sources: SBI and ICICI Bank Annual Report)

Graphical Presentation:



INTERPRETATION

It is observed from the table no 1 the Gross NPA ratio has shown an increasing trend in State Bank of India from 2011-2012 to 2013-2014 except the year 2014-1015 which has shown decreasing trend in Gross NPA ratio. Gross NPA ratio of State Bank of India increased from 4.90 percent in 2011-2012 to 6.50 percent in 2015-2016.

Gross NPA ratio of ICICI Bank shown a decreasing trend except the year 2014-2015 and 2015-2016 which has shown increasing trend in Gross NPA ratio. Gross NPA ratio of ICICI decreased from 4.83 percent in 2011-1012 to 3.78 percent in 2014-2015.State Bank of India has higher Gross NPA ratio as compare to ICICI bank.

Net NPA Ratio of State Bank of India and ICICI BANK

The data related to Net NPA of SBI and ICICI Bank has been collected and interpreted with the help of the following tables. In addition to this Average, Standard Deviation, Coefficient of variation have been also calculated

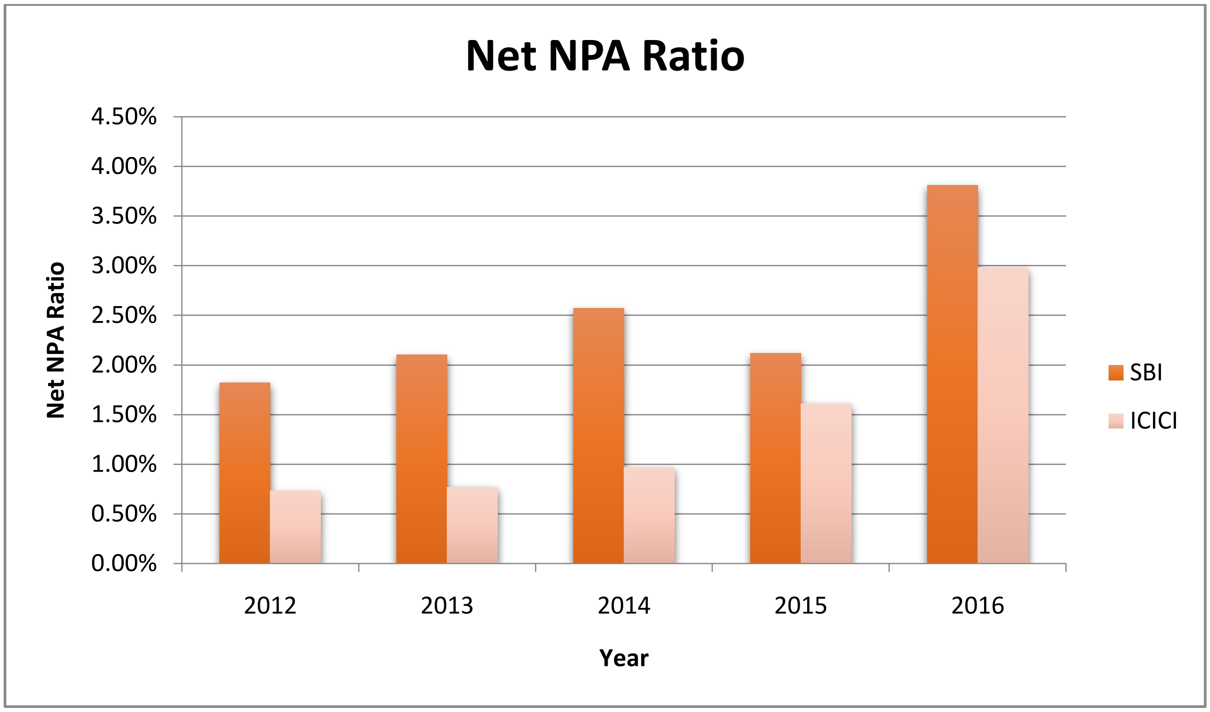
Table 2:

(Rs in Millions)

	State Bank of India		**ICICI Bank**	
Year	Net NPA (Rs in million)	Net NPA Ratio	Net NPA (Rs in million)	Net NPA Ratio
2011-2012	158189	1.82%	18608	0.73%
2012-2013	219565	2.10%	22306	0.77%
2013-2014	310961	2.57%	32980	0.97%
2014-2015	275906	2.12%	62555	1.61%
2015-2016	558070	3.81%	129631	2.98%
Average	304538.2	2.48%	53216	1.41%
SD	153115.94	0.79%	46068.2	0.94%
CV	0.5027807	0.31741	0.86568	0.66911

(Sources: SBI and ICICI Bank Annual Report)

Graphical Presentation:



INTERPRETATION

It is observed from the table no.2 the Net NPA ratio has shown an increasing trend in State Bank of India from 2011-2012 to 2015-2016 except the year 2014-2015 which has shown decreasing trend in the Net NPA ratio.Net NPA Ratio of State Bank of India increased from 1.82 to 3.81 in 2015-2016. Net NPA ratio of ICICI BANK shown a decreasing trend from 0.73 percent in 2011-2012 to 2.98 percent 2015-2016.The average of net NPA ratio of SBI is 2.48 percent and ICICI BANK is 41 percent. The Standard Deviation of net NPA ratio of SBI is 0.79 percent and ICICI BANK is 0.94 percent. The coefficient of variance of net NPA ratio of SBI is 0.317 and ICICI BANK is 0.669.

Net Profit and Net NPA of State Bank of India and ICICI BANK

The data related to Net NPA and Net Profit of SBI and ICICI Bank has been calculated. In addition to this Correlation has been also calculated to establish a relationship between Net NPA and Net Profit.

Table 3:

(Rs in millions)

	State Bank of India		ICICI Bank	
Year	Net Profit	Net NPA	Net Profit	Net NPA
2011-2012	117073	158189	64653	18608
2012-2013	141050	219565	83255	22306
2013-2014	108912	310961	98105	32980
2014-2015	131016	275906	111754	62555
2015-2016	99506	558070	97263	129631
Correlation(r)	-.679		.510	

(Sources: SBI and ICICI Bank Annual Report)

RELATIONSHIP BETWEEN NET PROFIT AND NET NPA

As we can see that correlation for SBI is equal to -0.679. It means that there is a negative relation between Net Profits and NPA of SBI. It simply means that profits increase but NPA not increase. It is because of the good management on the side of bank. NPA is directly related to Total Advances given by bank and banks main source of income is interest earned by bank. Since we have seen earlier that total advances are increasing so interest income is increasing and profits are also increasing. But as we know there are two types of Customers (good and bad). Good customers' leads to increase in profits by paying interest and installments on total advances timely and Bad customers leads to increase in NPA by not paying interest and installment on total advances timely. This is because of mismanagement and wrong choice of client. That is the only reason of positive relation between NPA and Profit. If there is good management by bank like in case of SBI where correlation between Net Profit and Net NPA is found to be -0.679, which indicates that amount of NPA decreases and Profits will increase more by the amount not becoming NPA. So there is negative relation between profits and NPA.

Assets classification of Gross NPA of ICICI Bank

The table shows the assets classification of Gross NPA of ICICI Bank. Assets are divided into Sub-standard, Doubtful and Loss Assets.

Table 4

(Rs. in billions)

Non-performing Assets	**2012**	**2013**	**2014**	**2015**	**2016**
Sub-standard Assets	14.49	18.72	22.42	26.67	40.91
Doubtful Assets	73.35	67.91	62.74	100.63	195.94
Loss Assets	7.79	9.84	20.38	25.52	30.36
Total	95.63	96.47	105.54	152.42	267.21

(Sources: ICICI Bank Annual Report)

Sector wise Gross NPA of ICICI Bank

This Table shows Sector wise Gross NPA of ICICI Bank

Table 5:

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(Rs in billions)

	2012	**%**	**2013**	**%**	**2014**	**%**	**2015**	**%**	**2016**	**%**
Retail Finance	59.73	62.5%	58.14	60.3%	41.17	39.0%	33.78	22.2%	38.25	14.3%
Iron /Steel	0.95	1.0%	1.99	2.1%	2.43	2.3%	9.74	6.4%	65.04	24.3%
Service non-finance	0.39	0.4%	8.77	9.1%	15.18	14.4%	23.53	15.4%	29.30	11.0%
Roads, ports, telecom, urban development and other infrastructure	-	-	0.14	0.1%	8.19	7.8%	18.27	12.0%	26.01	9.7%
Construction	-	-	2.24	2.3%	3.19	3.0%	7.36	4.8%	22.22	8.3%
Shipping	0.45	0.5%	0.38	0.4%	0.67	0.6%	15.00	9.8%	19.60	7.3%
Power	0.09	0.1%	0.09	0.1%	0.07	0.1%	-	-	17.51	6.6%
Whole Sale / Retail Trade	2.12	2.2%	4.16	4.3%	4.07	3.9%	4.53	3.0%	5.90	2.2%
Food and Beverage	2.64	2.8%	1.94	2.0%	3.68	3.5%	3.94	2.6%	4.55	1.7%
Manufacturing Products	-	1.9%	1.33	1.4%	4.91	4.6%	4.78	3.1%	3.58	1.3%
Electronics and engineering	2.38	2.5%	2.59	2.7%	2.93	2.8%	8.06	5.3%	3.01	1.1%
Metal and Products	1.11	1.2%	1.06	1.1%	1.05	1.0%	1.72	1.1%	1.10	0.4%
Service and Finance	1.07	1.1%	-	0.0%	0.57	0.5%	0.56	0.4%	0.52	0.2%
Crude and Petroleum	-	-	0.04	0.0%	0.02	0.00%	0.20	0.00%	0.20	0.0%
Mining	-	-	0.20	0.2%	0.20	0.2%	0.93	0.6%	-	-
Cement	-	-	-	-	0.03	0.3%	0.30	0.2%	-	-
Paper and paper products	0.79	0.79%	-	-	-	-	-	-	-	-
Textile	1.84	1.9%	-	-	-	-	-	-	-	-
Automobiles	0.18	0.2%	-	-	-	-	-	-	-	-

Gems and Jewellery	1.75	1.8%	-	-	-	-	-	-	-	-
Chemical and fertilizers	1.56	1.6%	-	-	-	-	-	-	-	-
Other Industries	18.52	19.4%	13.40	13.9%	16.91	16.0%	19.90	13.1%	30.60	11.60%
Total	95.63	100%	96.47		105.54	100%	152.42	100%	267.21	100%

(Sources: ICICI Bank Annual Report)

At March 31, 2013, the net Non-Performing loans in the retail portfolio were 0.72% of net retail loans ascompared with 1.22% at March 31, 2012. The decrease in the ratio was primarily on account of sharp decline in accretion to retail NPAs.At March 31, 2014, Net Non-Performing loans in the retail portfolio were 0.62% of net retail loans as compared with 0.72% at March 31, 2013. The decline in the ratio was primarily on account of continued low in accretion to retail NPAs. The gross non-performing assets increased from 152.42 billion at March 31, 2015 to 267.21 billion at March 31, 2016 primarily due to additions in non-performing assets in iron/steel and products, construction and power sectors

Sector-wise Gross NPA of SBI

This table contains the data related to the sector wise NPA of SBI. Table covers the five years data of sector wise NPA of SBI.

Table 6:

(Rs in crores)

Sector	March'2016		March'2015		March'2014		March'2013		March'2012	
	NPA(Rs in crores)	Ratio (%)	NPA(Rs in crores)	Ratio (%)	NPA(Rs in crores)	Ratio (%)	NPA(Rs in crores)	Ratio (%)	NPA(Rs in crores)	Ratio (%)
Large Corporate	20696	6.27	1510	0.54	2402	0.99	1000	0.57	515	0.41
Mid Corporate	41515	17.12	23029	9.76	26257	11.05	18443	8.67	12747	7.21
SME	17032	7.82	16387	7.78	15465	7.85	14528	7.16	11929	6.36
Agriculture	8687	6.93	10652	8.9	10660	9.2	10138	9.39	7778	9
Retail	2458	0.75	2528	0.93	3034	1.28	4269	2.04	4187	2.31
Industry	7785	2.92	2619	1.17	3787	1.77	2811	1.66	2520	1.86
TOTAL	*98173*	*6.50*	*56725*	*4.25*	*61605*	*4.95*	*51189*	*4.75*	*39676*	*4.44*

(Source: SBI Annual Reports)

The category wise priority sector NPAs for the study period is shown in above table. It is clear with the help of table that NPA of mid corporate, SME and agriculture is the cause of concern for SBI. Since these loans are granted under pressure from the government, bank could not apply the loan criteria strictly while sanctioning loans and it could not force recovery very aggressively, thanks to government intervention. Moreover, uncertain monsoon and other natural calamities have their impact on the agriculture. As a result, the recovery of loans from this sector becomes a casualty

RESEARCH FINDINGS

- Gross NPA ratio of State Bank of India is increasing from 2011-2012 to 2013-2014except,the year 2014- 2015 again it rises in 2015-2016.
- Gross NPA ratio of ICICI Bank is decreasing from 2011-2012 to 2013- 2014except, in the year 2014-2015 and 2015-2016.
- Net NPA ratio of both Banks are continuously increasing.
- Gross advances of both banks are increasing continuously since 2011-2012.
- Net profit of SBI is increasing from 2010-2011 till 2012-2013 but slipped down in the year 2013-2014.
- Net profit of ICICI Bank is increasing continuously since 2010-2011.

CONCLUSION

Finally it can conclude that the banks can avoid sanctioning loans to the non-creditworthy borrowers by adopting certain measures. Banker can constantly monitor the borrower in order to ensure that the amount sanctioned is utilized properly for the purpose to which it has been sanctioned. NPA or Non-Performing Assets are the types of assets which are the subject of major concerns to the banking sector and the other non-banking financial institutions. NPAs reflect the overall performance of the banks. The NPAs have always been a big worry for the banks in India. The Indian banking sector faced a serious problem of NPAs. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and liquidity of banks. The money locked up in NPAs has a direct impact on profitability of the bank as Indian banks are highly dependent on income from interest on funds lend. The objective of this study was to analyze the trend of the NPA in SBI and ICICI bank in India and to make a comparative study among the selected banks.This study shows that extent of NPA is comparatively very high in public sectors banks as compared to private banks. Although various steps have been taken by government to reduce the NPAs but still a lot needs to be done to curb this problem.

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