

# A Study on the Sector-wise Gross Non Performing Assets of Public Sector and Private Sector Banks

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**Abstract** - Money and banks have a crucial role in maintaining economies, impacting entire cultures and countries. Hence, they are narrowly structured and strict techniques and principles are directed to be monitored by the banks through various authorities and governments. Around the world, banks are controlled by governments to assure the safety and constancy of the money supply and of the country. A strong banking sector is a necessity for a flourishing economy. The failure of the banking sector will have a contrary impact on other sectors of the industry. One Person's spending is other person's earning. More the credit in a society more will be the economic activities in the industry (elearnmarkets.com).

**Keywords**— Banks,Money,Government, Credit,Economy.

## 1. INTRODUCTION

Banking Sector has an eminent role towards the economic development as well as the overall growth of a country. A well-built financial system is always contributing to the augmentation of a country's economy. The Commercial banks tend to be the backbone of every economy.

Hence it is vital to check the financial health and correct workings of the banks. The overall function of all commercial banks is call up for the savings from the public and pay out as credits depending on the promise. The banks will be the mainstay of any developing nation's financial system. Following the nationalization of banks, the nation's socioeconomic progress and the banks' capacity for expansion served as its main drivers.

The development of the banking sector and the economic development of a country are closely linked. It is therefore essential to consider the financial sustainability and social objectives of commercial banks. Not long ago, many developing countries, including India, have been facing constant hurdles of generous increase in non-performing assets. Financial security and consistency are the influential elements of the banking sector. The loans granted by the bank

through funds received by the depositor must be managed effectively. Since any loss of loan will also negatively affect the interests of depositors.

## OBJECTIVES OF THE STUDY

- To study the Sector-wise GNPA's of Public Sector Banks and Private sector banks.
- To Compare the Sector-wise GNPA's of Public Sector Banks and Private sector banks.

## METHODOLOGY

The secondary data forms the foundation of the investigation. The Reserve Bank of India (RBI) website ([www.rbi.org.in](http://www.rbi.org.in)) and a number of financial reports, periodicals, and a number of reputable research publications, including research papers and articles, were the sources of the data used in the study. Cluster sampling technique is used for the study. The non-performing assets of scheduled commercial banks—which include nationalized banks, SBI and its affiliates, private sector banks (both new and old), foreign banks, regional rural banks, and small finance banks—that are included in the Second Schedule of the Reserve Bank of India Act, 1934, are the data taken into consideration for the study. In this study the scheduled commercial banks of Public sector, Private sector and Foreign banks alone were taken as sample. The study excludes the Regional rural banks since they have limited operations and also the small finance banks which have low credit risks. Hence, the 12 Public sector banks, 22 Private sector banks were taken for the study

## REVIEW OF LITERATURE

Preeti Sharma and Atul Bansal (2019) A study on non-performing assets management, examined a number of Indian public and private sector banks. They found that the SARFAESI Act's judicial system has a significant impact on the recovery performance of SCs and RCs. A robust bankruptcy framework should be established by the government to aid with NPA recovery.

SyamalaRao G. (2018), investigated the causes and effects of non-performing assets in the banking industry By taking into account the different assets of the banks, such as standard assets, substandard assets, and loss assets, The author came to the conclusion that in order to expedite the recovery process, banks should adhere to stringent guidelines on client selection when approving loans. Large borrowers are the primary cause of non-performing assets (NPAs), which will have an impact on bank profitability and the nation's expanding economy.

Mishra D. and Pawaskar J. (2017), Non-performing assets and its effects on the banking industry were examined and also provided an outline of NPA and recommendations for banks on how to recover and lower NPAs. The impact of non-performing assets (NPAs) on banks was also studied by the researcher, who found that NPAs have been on the rise in recent years. The study also analyzed the reasons behind NPAs and recommended that banks be proactive in choosing their customers before processing loans.

Rathore D, Malpani S and Sharma S (2016) conducted a study on Nonperforming Assets of Indian banking system and its impact on Economy, this study examined the status of Non-Performing Assets in India and also suggest how to control the existing NPA and future NPA, the study also explains the impact of NPA with various factors like the confidence of shareholders capital adequacy and it also suggest the way how to control the NPA through the recovery camps, one time settlement and Technical write off to reduce the NPA.

## SECTOR-WISE GNPA OF PUBLIC SECTOR BANKS

Table 1.1. Sector-wise GNPA of Public Sector Banks (Amount in Cores)					
Year	Agriculture	Micro and Small Enterprises	Others	Non-priority Sector	Total NPAs
2024	106451	75,278	24,049	114963	320740
2023	114409	80,577	30,652	175666	401304
2022	110649	96,231	36,403	264225	507508
2021	115281	101786	41,161	318747	576974
2020	111571	90,769	33,872	408205	644417
CAGR	0.01	0.04	0.07	0.29	0.15

Source: rbi.org.in (Reports on Trends and Progress of Banking)

The Table 1.1 shows the details about the Public sector Banks In India, The Priority Sector were categorised such As Agriculture Advances, Small Scale Industries Advances, Education Loans, Housing Loans, Weaker section loans, other Advances on Other Priorities Sectors and Non-Priority sectors are also stated in the table for the period of 5 years from 2020-21 to 2023-24.

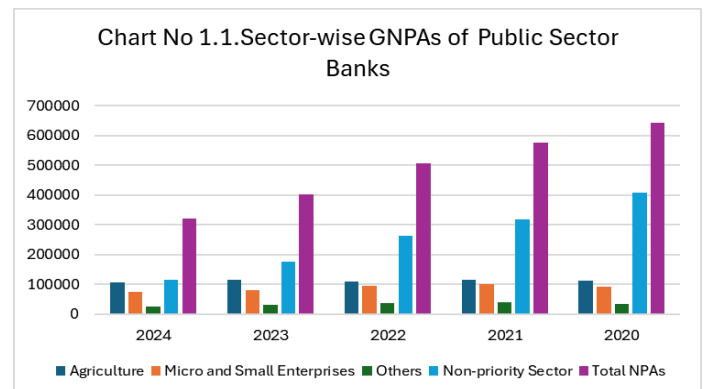
Agriculture advances has an Fluctuating trend during the study period from 2020 - 21 at ₹ 111571 Crs to ₹ 106451 Crs during 2023-24. The CAGR for agriculture sector is 0.01. It shows that the advances provided to Agriculture sector has increased.

The Micro and small enterprises loans had an increasing trend during the study period from 2020 - 21 at ₹ 90769 Crs to ₹75278 Crs during 2023-24. and there is a increasing in the advance rate during the study period. The CAGR for Micro and small enterprises is 0.04. It shows that the advances provided to Micro and small enterprises sector has increased.

The other priority sector loans is also having a declining trend during the study period it shows that a fluctuating trend from 2020-21 till 2023-24 in the advances provided to other priority sectors by the Public sector banks in India. The CAGR for Other Priority sectors is 0.07, it states that there is a decrease in the advances made to Other Priority sectors.

The non-priority sector loans are term loans and advances provided other than the priority sectors like loans to professional, small business loans, Auto Loans, Luxury Product etc. The non-priority sector loans have an increasing trend throughout the study period the contribution towards non-priority sector at ₹408205 during 2020-21 and ₹ 114963 during 2023-24. The CAGR for Non-Priority sectors is 0.29, hence the advances provided to non-Priority sectors has increased.

The Table 1.1 shows the Sector wise Gross NPAs of Public sector Banks in India. Considering the the total Gross NPA of different sectors, the Non priority sectors shows high Gross NPA rate. Hence the Public sector banks have to take appropriate and adequate steps to control the NPA.



Source: rbi.org.in (Reports on Trends and Progress of Banking)

## SECTOR-WISE GNPA'S OF PRIVATE SECTOR BANK

Year	Agriculture	Micro and Small Enterprises	Others	Non-priority Sector	Total NPAs
2024	21,211	18,340	10,435	73,553	1,23,540
2023	19,999	14,569	7,752	73,470	1,15,791
2022	20,863	17,799	9,926	1,20,676	1,69,264
2021	18,900	23,473	8,184	1,36,384	1,86,941
2020	14,462	16,111	5,646	1,47,751	1,83,970
CAGR	-0.07	-0.03	-0.12	0.15	0.08

Source: rbi.org.in (Reports on Trends and Progress of Banking)

The Table 1.2 shows the details about the Private sector Banks In India, The Priority Sector were categorised such As Agriculture Advances, Small Scale Industries Advances, Education Loans, Housing Loans, Weaker section loans, other Advances on Other Priorities Sectors and Non-Priority sectors are also stated in the table for the period of 5 years from 2020-21 to 2023-24.

Agriculture advances has an Fluctuating trend during the study period from 2020 - 21 at ₹ 14462Crs to ₹ 21211 Crs during 2023-24.The CAGR for agriculture sector is -0.07. It shows that the advances provided to Agriculture sector has decreased.

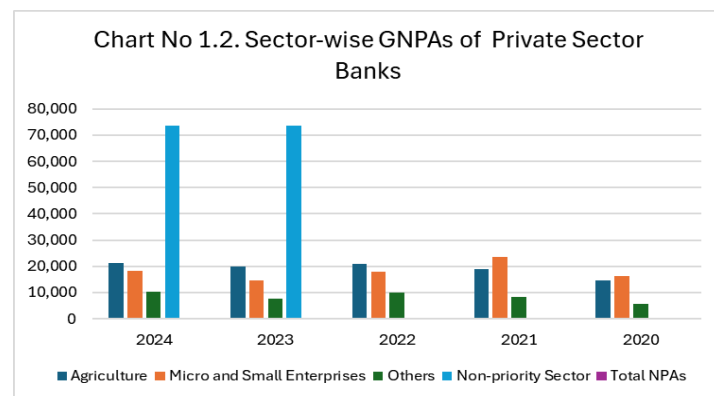
The Micro and small enterprises loans had an increasing trend during the study period from 2020 - 21 at ₹ 16111 Crs to ₹ 18340 Crs during 2023-24. and there is a increasing in the advance rate during the study period. The CAGR for Micro and small enterprises is -0.03. It shows that the advances provided to Micro and small enterprises sector has increased.

The other priority sector loans is also having a declining trend during the study period it shows that is in continuous decrease from 2020-21 till 2023-24 in the advances provided to other priority sectors by the Private sector banks in India. The CAGR for Other Priority sectors is -0.12, it states that there is a decrease in the advances made to Other Priority sectors.

The non-priority sector loans are term loans and advances provided other than the priority sectors like loans to professional, small business loans, Auto Loans, Luxury Product etc. The non-priority sector loans have a fluctuating trend

throughout the study period the contribution towards non-priority sector loans was equally shared by the Private sector banks in India and it shows that ₹147751 during 2020-21 and ₹73533 during 2023-24. The CAGR for Non-Priority sectors is 0.15, hence the advances provided to non-Priority sectors has increased.

The Table 1.2 shows the Sector wise Gross NPAs of Private sector Banks in India. Considering the the total Gross NPA of different sectors ,the Non priority sectors shows high Gross NPA rate. Hence the Private sector banks have to take appropriate and adequate steps to control the NPA.



### 3. CONCLUSIONS

For all banks in the financial sector, managing nonperforming assets is a difficult undertaking. Their multifaceted impact on the bank's operations, profitability, and position is the primary driver behind the need for NPA management. The RBI which is the apex body for controlling level of non-performing assets have been giving guidelines and getting norms for the banks in order to control the incidents faults. Reduction of NPAs in the banking sector should be treated as national priority item to make the Indian banking system stronger, vibrant and geared to meet the challenges of globalisation. NPAs. The banks ought to have greater latitude in implementing best practices that other nations adopt and integrating the assessment of credit appraisal. When granting new bank licenses, the RBI should establish stringent guidelines. To lower the number of NPAs, the banks can share information about the defaulters' credit histories.

### ACKNOWLEDGEMENT

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