ARTICLE NO.2

ROLE OF NON PERFORMING ASSETS IN THE RISK FRAMEWORK OF COMMERCIAL BANKS – A STUDY OF SELECT INDIAN COMMERCIAL BANKS

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Abstract:

Purpose: The purpose of this paper is to provide an insight into the concept of Non-Performing Asset (NPA), a standard criterion for assessing commercial bank credit risk globally. The paper attempts to put forward the means of interpreting credit risk from existing levels of bank NPAs. Further, research highlights the significant steps taken and procedures implemented by major Indian commercial banks, within the public and private sector, towards recovery of loans and advances slipping into the NPA bracket.

Design and Methodology: The research for the present paper is based on extensive study of annual publications on performance of public sector and private sector commercial banks by the Indian Banks Association (IBA). Further, annual reports of commercial banks in focus for the year ending March 2012 have been studied towards deciphering the major steps taken by the individual banks towards downsizing their respective NPA levels.

Value: The research findings are expected to be of value for the stakeholders of major commercial banks. As the credit risk inherent within an individual bank in turn affects different stakeholders in varying proportions, thus the disclosures and facts forwarded within the present paper will enable them to be proactive in terms of risk assessment and well-informed in their fund-based dealings with the commercial banks.

Keywords: Non Performing Assets, Commercial Banks, Risk Management, Credit Risk

Introduction

It is an established fact that an adequately developed financial system enables flow of savings and investments in a smooth manner, towards supporting economic growth (King and Levine 1993, Goldsmith 1969). A healthy financial system can help achieve efficient allocation of resources across time and space by downsizing the inefficiencies resulting from market frictions and other socio-economic factors.

Amongst the various desirable characteristics of a well functioning financial system, maintenance of NPAs by commercial banks may be classified as a prominent one. NPAs beyond a certain level are cause for concern for all stakeholders involved, because credit is essential for economic growth and NPAs affect the smooth flow of credit. Banks raise resources not just on fresh deposits, but also by recycling the funds received from the existing borrowers. Thus, when a loan becomes non-performing, it affects recycling of credit and in turn credit creation power of banks. Apart from this, NPAs affect profitability as well, since higher NPAs require higher provisioning, which means a large part of the profits needs to be kept aside as provision against bad loans. Therefore, the problem of NPAs is not the concern of the lenders alone, but a concern for policy makers as well who are involved in putting economic growth on the fast track.

In India due to emphasis on motto of social banking, the problem of bad loans did not receive due priority from the policy makers initially. However, post the financial sector reforms and adoption international banking standards, the issue of NPAs received due focus. Thus, in India, the concept of NPA received recognition after financial reforms were introduced on the recommendations of the Report of Narsimham Committee in the year 1991 and an appropriate accounting system was put in place.

Non Performing Assets – An Overview

A non-performing asset is defined as a credit facility in respect of which the interest and/or installments of principal has remained 'over-due' for a specified length of time. With an aim of moving towards the international best practices and ensuring greater transparency, a standard criterion of '90 days' overdue norm was fixed for identification of NPA from the FY ending March, 2004 in the Indian financial system. Thus, as per present convention, a non-performing asset refers to a loan or an advance where:

- Interest and/or installment 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 installment 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, and
- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

Banks are required to classify their NPAs further into the following three categories based on the period for which a specific asset has remained non-performing as well as the realizability of the dues:

- Sub-standard Assets
- Doubtful Assets
- Loss Assets

Sub-standard assets refer to all those assets (loans and advances) which remain in the non-performing category for a period of 12 months. Doubtful assets are the bank assets which remain in the non-performing category for a period exceeding 12 months. Finally, Loss assets refer to the class of bank assets which cannot be recovered at all.

Provisioning Requirements for Asset Categories

As a part of its prudential bank management guidelines, RBI ensures that adequate capital buffer is kept aside as cover for various asset classes by the commercial banks. It works on the premise that asset management should be an ongoing process and banks are mandated to ensure that capital provisions are maintained at various stages of slippage of an asset from standard assets to loss assets category.

Table 1 within the 'Tables & Exhibits' highlights the asset provisioning guidelines mandated by RBI for the commercial banks. Further, Table 11 indicates the provisions maintained in absolute terms by the leading public sector banks for different asset qualities. For the fiscal year 2011-12, Allahabad Bank, Bank of Baroda, Bank of India, Central Bank of India, and State Bank of India have recorded major increments in provisions for the advances falling under NPA category. As far as standard assets are concerned Allahabad Bank, Bank of Baroda, Bank of India, Indian Bank, and Punjab National Bank registered a major increase during the same period. On a observing the amount of Bad Debts written off from NPA accounts during 2011-12, Bank of Baroda, Bank of India, Central Bank of India, Corporation Bank, and State Bank of India major increment in this regard.

Review of Literature

Past studies have observed that both bank specific and macroeconomic factors impacts on the loan portfolios of commercial banks in India. Further, the commercial banks which are aggressive and charge relatively higher interest rates incur greater NPAs. It has been time and again revealed that large banks are not necessarily more effective in screening loan customers when compared to their smaller counterparts as there is no significant relationship between the size of a banking institution and the level of NPAs it reports (Dash & Kabra, 2010).

A synoptic view of the literature brings to the fore insights into the determinants of NPAs. A considered view is that banks' lending policy could have crucial influence on non-performing loans (Reddy, 2004). Reddy (2004) critically examined the various issues pertaining to terms of credit of Indian banks. In this context, it was viewed that 'the element of power has no bearing on the illegal activity. A default is not entirely an irrational decision. Rather a defaulter takes into account probabilistic assessment of various costs and benefits of his decision'. (Mohan, 2003) conceptualized 'Lazy Banking' while critically reflecting on banks' investment portfolio and lending policy. The Indian viewpoint alluding to the concepts of 'credit culture' owing to Reddy (2004) and 'lazy banking' owing to Mohan (2003) has an international perspective since several studies in the banking literature agree that banks' lending policy is a major driver of NPAs (McGoven 1993, Christine 1995, Sergio 1996, Bloem & Gorters 2001).

Table 2 within *'Tables & Exhibits'* portrays the comparative percentage Net NPA position (for the fiscal period 2010-11 and 2011-12) of three major Indian commercial banks i.e. State Bank of India (SBI), Punjab and Sind Bank (PSB), and HDFC Bank. It is evident that while both public sector majors SBI and PSB have experienced a rise in percentage Net NPA levels, HDFC Bank which is a private sector bank has managed to lower its percentage Net NPA levels. This can be attributed to higher efficiency in banking practices achieved by the bank.

Factors Leading to Non Performing Assets

The origin of the problem of rising NPAs lies in the quality of managing credit risk by the banks. The banking sector has been facing severe problems of rising NPAs. The NPAs in Indian commercial banks are growing due to external as well as internal factors.

External Factors

The major external factors which lead to increase/rise in NPAs and non-controllable by Banks are, namely: Ineffective Statutory Recovery Procedures, Willful Defaults, Natural Calamities, Industrial Sickness, Lack of Demand. Change in Government Policies etc.

Internal Factors

The major internal factors which lead to increase/rise in NPAs and being internal in nature and controllable by the Banks are namely: Defective Lending Process or Poor Lending Decision (Non execution of Principles of Safety, Principle of Liquidity and Principle of Profitability), Inappropriate Technology, Improper SWOT analysis, Poor credit appraisal system, Managerial deficiencies, Absence of regular industrial visits, Re-loaning process etc.

Data compiled on quantum of Advances and NPAs of Public Sector Banks (PSBs) in India are reflected as part of Table 3. The total advances created by public sector banks over the period 2007-2011 have increased by 124%, while during the similar period the level of NPA has gone up by 84%. Further, NPA in percentage terms had shown a declining trend from 2007-2009; while post 2009 the PSBs started recording an increment in percentage and absolute NPA levels.

NPA Management

State Bank of India

To give thrust to recovery efforts and to prevent slippages, various measures were undertaken, which included timely identification of Special Mention Accounts (SMAs) and dissemination of information to operating units, etc. Following are brief details of such measures:

I. Tightening of appraisal norms/loan eligibility criteria.
II. Risk Scoring Models have been developed for all P-Segment loans on the basis of statistical models for objective assessment.
III. Account Tracking & Monitoring online (AT@M) launched for updation of account wise follow up in P-Segment.
IV. NPA Dashboard is being utilized as a data tool for real time monitoring of NPAs.
V. To provide relief to stressed MSME sector, SBI has launched non-discretionary and non-discriminatory scheme named "SBIOTS-MSME-2012". For one time settlement of loan outstanding with liberal terms.
VI. Account Tracking Centres (ATCs) have been operationalized in all Circles to contract borrowers with outstanding up to ₹ 25 lakhs in SMAs and soft NPA accounts in SME.

Position of NPA reduction of State Bank of India as on 31/03/2012 is depicted within Table 4. SBI had achieved a Net NPA percentage of 1.8%. During the year 2012 the bank recorded cash recovery of NPA worth ₹ 4,159 crores. Further, inferior assets worth ₹ 5,459 crores were upgraded to category of standard assets.

Stressed Assets Management Group (SAMG)

Towards giving focused attention to high value NPAs in SME and Corporates, Stressed Assets Management Group (SAMG) was created in April 2011 headed by a Deputy Managing Director.

SAMG has 14 Stressed Assets Management Branches (SAMBs) and 1 Resident Office under its aegis. The SBI group further opened two new branches in March 2012 (one in Ludhiana and Ernakulam). These branches handle NPAs and Advances under Collection Account (AUCAs) with out-standings in excess of ₹ 1 crore. Each branch has dedicated, trained staff including a legal expert for expeditious resolution and is able to affect significant recoveries by resorting to action under SARFAESI Act, DRT Act, sale to ARCs and negotiated settlements.

In addition, 115 Stressed Assets Resolution Branches/Centres (SARBs/SARCs) have been functioining under the NBG across the country in Metro/Urban centres for quicker resolution of NPAs with out-standings upto ₹ 1 crore in MSME and Personal segments.

The performance of SAMG for the period 2011-12 is given as within Table 5.

Punjab and Sind Bank

Inspite of the challenging phase of Indian Economy, PSB group continued its efforts in maintaining the asset quality during the year 2011-12 by accelerated recovery of NPAs through the well coordinated and sustained efforts including action under SARFAESI Act 2002. Inspite of high fresh slippage, the Gross and Net NPAs stood at ₹ 763.44 crore (1.65%) and ₹ 547.56 crore (1.19%) as against the level of ₹ 424.28 crore (0.99%) and ₹ 237.94 crore (0.56%) as on 31.03.2011 respectively.

The performance of the Banks under recovery of NPAs during the year continued to be good. Aggressive and focused efforts in Recovery could result in total recovery of over ₹ 331.36 crore including recovery of ₹ 108.75 crore in 'technically written-off accounts'.

The position of Gross and Net NPAs as on 31.03.2012 vis-à-vis previous year end is depicted under Table 6. Gross and Net NPA levels have registered an increase in terms of absolute values and in terms of percentage of overall assets in bank's portfolio.

The provisioning coverage ratio of the bank (including the technically written off accounts) as on year ending 31/03/2012 stood at 64.15%.

Canara Bank

The bank had a Gross NPA level of ₹ 4032 crore as on March 2012, along with a Gross NPA ratio of 1.73%. Bank's provision coverage ratio stood at 67.59% as on March 2012. The bank took special care towards avoiding further slippages and overdue accounts recovery was appreciable. Cash recovery during the year ending March 2012 was amounting to ₹ 3295 crores (significantly up from the previous FY figure of ₹ 2032 crore), indicating the rigorous efforts undertaken by the bank. These efforts are ranging from identification of stressed accounts for rephrasing in time, conduct of Canadalats at branch level and mega-adalats at Circle level for one time settlements, regular follow up of over-dues regarding loan accounts through Call Centres and e-auctions.

Bank has also put up unified risk management architecture to attain global best practices for Risk Management initiatives in tune with New Capital Adequacy framework prescribed by RBI. An independent risk management structure is in place for integrated risk management, covering Credit, Market, Operational and Group risk.

HDFC Bank

Taking on various types of risk is integral to the banking business. Of the various types of risks your bank is exposed to, the most important are credit risk, market risk and operational risk. The identification, measurement, monitoring and management of risks remain a key focus area for the bank. Business and revenue growth have therefore to be weighed in the context of the risks implicit in the bank's business strategy. The Risk Policy and Monitoring Committee of the Board monitors the bank's risk management policies and procedures, vets treasury limits before they are considered by the Board, and reviews portfolio composition and impaired credits.

For credit risk, distinct policies, processes and systems are in place for the retail and wholesale businesses. In the retail loan businesses, the credit cycle is managed through appropriate front-end credit, operational and collection processes. For each product, programs defining customer segments, underwriting standards, security structure etc., are specified to ensure consistency of credit buying patterns. During the year 2011-12, the bank obtained the ISO 9001:2008 re-certification of its retail credit underwriting unit, which was confirmed for 35 sites. For wholesale credit exposures, management of credit risk is done through target market definition, appropriate credit approval processes, ongoing post-disbursement monitoring and remedial management procedures.

As of March 31, 2012, bank's ratio of Gross NPAs to Gross Advances was 1.02%. Net NPAs (Gross NPAs less specific loan loss provisions) were 0.2% of customer assets as of March 31, 2012. The specific loan loss provisions that the Bank has made for its NPAs continue to be more conservative than the regulatory requirement. In addition, the bank has made general provisions for standard assets which are as per regulatory prescription and dynamic counter cyclical provisions or floating provisions which are made as per board approval policy. The coverage ratio taking into account specific, general and floating provisions was 199.7% as of March 31, 2012.

In accordance with RBI's guidelines on Basel II, the Bank is currently on the Standardized Approach for Credit Risk, the Basic Indicator Approach for Operational Risk and the Standardized Approach for Market Risk. Parallely, the Bank is progressing with its initiative on meeting the requirements for adoption of the advanced approaches for these risks under Basel II, brought out by RBI in this regard.

Asset Quality Trend in Indian Banks

Significant improvements in terms of asset quality and performance have been observed over the years with respect to Indian commercial banks. In the post reforms period, the practice of safer banking practices by emphasizing upon tighter accounting norms (Munniapan G. P., 2002).

Performance of Indian banks on the basis of Gross and Net NPAs from 1994 to 2000 and from 2007 to 2012 is listed in Table 7. On reviewing the Net NPA position of the Indian banks over the specified time period it is evident that though the NPA value in absolute terms have shown a consistent increasing trend, but their share in total advances have shown a steady decline during majority of the time periods observed. In the recent years

(2009-2012) commercial banks have seen a reversal of this trend, which may be attributed to macroeconomic environment plagued by recession. Thus, the banks have been able to increase their combined credit base significantly in relation to the resulting NPAs during each year except for few aberrations, particularly during the recent years.

Further, the domestic advances by the public sector banks occupying major portion of the Indian banking sector, have shown increase across majority of the advance categories during the fiscal year 2011-12 (Table 8). The advances forwarded under the priority sector category and as well as to the public sector undertakings registered a consistent increment across the observed banks, barring few. The interbank advances though followed an opposite trend and recorded a decline within of majority of the banks under study.

The Indian banking sector received a must needed competitive push when the private players were permitted to enter the sector post the banking sector reforms initiated by RBI in early 1990s. A number of private players have forayed into the Indian banking sector, both domestic and multinational, which in the present times has been classified under two categories viz., *Old Private Sector Banks* and *New Private Sector Banks* for the purpose of better monitoring and supervision. Table 12 (Table & Exhibits) depicts advances position of leading Indian private sector banks. Within the new banks category *Axis Bank*, *HDFC Bank* and *ICICI Bank* have recorded significant increase in overall level of advances during the fiscal period of 2011-12. Their individual quantum of advances is comparable to combined advances position of *old private sector banks*. As far as percentage growth in advances from the previous year is concerned, *Axis Bank* and *Yes Bank* have shown a steep fall in percentage growth in advances (17% and 44% respectively). Further, *HDFC Bank* and *ICICI Bank* occupy a sizeable share of advance portfolios within the market. Their individual percentage market share of advances (20.22% and 26.25% respectively) is equivalent to combined advances of the *old private sector banks* (23.81%).

As a part of a recent initiative, the Ministry of Finance (GOI) reviewed the process adopted by public sector banks after it found these lenders are saddled with the biggest cases of corporate defaults. The ministry, while preparing a case study of corporate defaults over a six month period ending October, 2012, was perturbed that while the private banks have largely managed to insulate their books from bad debts, PSBs failed to follow even the basic checks and balances in some cases, like securing collateral before sanctioning loans (ET, New Delhi, Oct 2012).

Net NPA ratio of PSBs rose 44 basis points to 1.53% in 2011-12 over the previous year. In stark contrast, Net NPA ratio of private banks fell 10 basis points to 0.46% over the same period. One of the public sector banks had lent 700 crore to Kingfisher Airline despite a damning internal assessment.

Symptoms of Recognizing a Performing Asset turning into NPA

The banking groups, in public sector particularly, have been quite hard pressed in recent times in terms of major portion of their advances turning into NPAs. Following are some of common indications hinting a prospect of an asset slipping into NPA bracket.

- Non-payment of the initial installment.
- Bouncing of cheque due to insufficient balance in the accounts.
- Irregularity in installment.
- Unpaid over-due bills.
- Declining current ratio.
- Payment which does not cover the interest and principal amount of that installment.
- While monitoring the accounts it is found that partial amount is diverted to sister/parent company.
- Borrower has either initiated the process of winding up or is not doing business.
- Over-due receivables.
- Stock statement not submitted on time.
- External con-controllable factor like natural calamities where borrower conduct his business.
- Frequent changes in plan.
- Non-payment of wages.
- Avoidance of contact with bank.
- Problem between partners.
- Changes in Government policies.
- Death of borrower.
- Competition in the market.

Preventive Measures for Non Performing Assets

Identifying borrowers with genuine intent from those who are non-serious with no commitment or stake in revival is a challenge confronting bankers.

- Longer the delay in response, greater the injury to the account and the asset.

- While financing/appraisal of credit requirements, funds flow analysis in conjunction with the cash flow analysis should be done, rather than only concentrating on funds flow analysis.

- The general perception among borrowers is that it is lack of finance that leads to sickness and NPAs. However, management effectiveness in tackling adverse business conditions is a very important aspect that affects a borrowing unit's fortunes.

- During the exercise for assessment of viability and restructuring, a practical and integrated approach by all the lending banks as also sharing of all relevant information on the borrower would go a long way towards overall success of rehabilitation exercise, given the probability of success/failure.

As a part of asset portfolio decision by commercial banks, exposure to predefined sensitive sectors viz., *capital market sector* and the *real estate sector* should be kept within reasonable limits and their trends should be subjected to stringent internal monitoring. Being vigilant towards such advances helps avoiding their slippages into the NPA and bad debt categories significantly. Table 10 portrays the trend of advances to sensitive sectors by the major Indian public sector banks. From the table, it is evident that the PSBs have been successful in terms of keeping their sensitive advances in check. Majority of the banks have recorded a decline in percentage lending to both the sensitive sectors during the fiscal year 2011-12 compared to the preceding fiscal of 2010-11.

Methods for Reducing Non Performing Assets

- All accounts where interest has not been collected should be reviewed at periodical intervals by appropriate authorities. In order to recover the amount, one can adopt any way like persuasion, pressurization, frequent interaction, showing sympathy etc. Repayment of a term loan depends on income generating capacity of the borrowing unit. Therefore, it is necessary to fix repayment program for a term loan according to the income generating capacity of the unit.

- After classification of unit as sick, bank can make decision to offer a rehabilitation package. In that case, bank has to have a sympathetic and positive approach and provide the relief package in time.

- Merger is the process under which a sick unit is merged with a healthy unit, or sometimes, a healthy unit acquires a sick unit. A part of the consideration paid to the sick unit by the healthy unit is used to liquidate the NPA wholly or partly.

- Recovery of advances through compromise settlement is accepted as an effective non-legal remedy. Under this borrower agrees to pay certain amount of the bank after getting concessions.

- If all attempts of converting an NPA into a performing asset fail, the bank is left with no other option but to recall the advance and resort to legal action by filing of recovery suits in the civil court or Debt Recovery Tribunals. To do away with this specific requirement of filing a suit with court towards recovery of NPAs, Government of India enacted the Securitization and Reconstruction of Financial Assets & Enforcement of Securities Interest (SARFAESI) Act or popularly referred to as Securitization Act in the year 2002.

Capital Adequacy Compliance

The Basel Committee recommendations on the capital adequacy ratios have been proposed towards ensuring that the commercial banks maintain adequate buffers in the form of capital as cover for advances granted under various categories. The idea is that a bank's own funds should also be employed towards loan granting activity, instead of solely depending on public deposits. Basel-II accords mandated a benchmark Capital Adequacy Ratio (CAR) of 9% for the commercial banks. Government of India (GOI) with a view towards safer banking practice raised CAR for Indian PSBs to 12%.

As per the findings depicted within Table 13 (Basel-II CAR of PSBs for the period 2010-12), all the major Indian PSBs had consistently achieved the benchmark CAR in line with Basel-II norms. This can be attributed proactive approach of GOI by enforcing a higher much higher CAR than the benchmark rate. All the PSBs successfully achieved the GOI mandated CAR 12% during the observed years. Bank of India (in 2012), Central Bank of India (in 2011) and State Bank of India (in 2011) had narrowly missed the CAR prescribed by GOI. On the private banks front, Table 14 (Basel-II CAR of Private Sector Banks for the period 2010-12), indicates the fact that major banks have managed to achieved a significantly higher CAR as compared to their public sector counterparts. This may be attributed to robust and stringent asset risk management framework in place within the private sector banks.

Conclusion

The problem of NPAs can be tackled only with proper credit assessment and risk management mechanism. In a situation of liquidity overhang, the enthusiasm of the banking system to increase lending may compromise on asset quality, raising concern about their adverse selection and potential danger of addition to the stock of NPAs. It is necessary that the banking system is to be equipped with prudential norms to minimize if not completely to avoid the problem of NPAs. The onus for containing the factors leading to NPAs rests with banks themselves. This will necessitate organizational restructuring, improvement in the managerial efficiency and skill up gradation for proper assessment of creditworthiness. It is better to avoid NPAs at the nascent stage of credit consideration by putting in place rigorous and appropriate credit appraisal mechanisms.

Quite often borrowers face the difficulties in raising funds from banks due to mounting NPAs. Either the bank is reluctant in providing the requisite funds to the genuine borrowers or if the funds are provided, they come at a very high cost to compensate the lender's losses caused due to high level of NPAs. While the gross NPA reflects the quality of loans made by banks, net NPA shows the actual burden of banks. The banks have to take initiative to reduce NPAs in a time bound strategic approach. There has been a continuous decrease in the time period considered to declare a loan as non-performing. The continuous decrease in the time period is to bring the Indian banking norms at par with international norms. Such policy revisions will certainly reduce the NPAs and in turn improve the asset quality of the banks.

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Tables and Exhibits

Table 1: Mandatory NPA Provisioning Requirement for Commercial Banks in India

Type of Assets	Provisions
Standard Assets	0.25% for all types of standard advances
Sub-standard Assets	10% for all types of standard advances
Doubtful Assets: - Up to one year - One to three years - More than three years	 100% of unsecured advances and 20% of secured advances 100% of unsecured advances and 30% of secured advances 100% of unsecured advances and 100% of secured advances
Loss Assets	100% of unsecured advances and 100% of secured advances

Source: NPA Provisioning Guidelines, RBI

Table 2: Net NPAs to Net Advances (in %)

	2010-11	2011-12	Variations
State Bank of India	1.63	1.82	+ 0.19
HDFC Bank	0.19	0.18	- 0.01
Punjab & Sind Bank	0.56	1.19	+ 0.63

Source: RBI

Table 3: Total Advances and NPA Position of Public Sector Banks (2007-2011)

(In ₹ Crore)

Year	Advances	NPA	NPA as % of Advances

2007	13,73,776	38,602	2.8
2008	16,96,334	39,749	2.3
2009	21,03,764	44,043	2.0
2010	25,19,331	57,301	2.2
2011	30,79,804	71,047	2.3

Source: RBI

Table 4: NPA Recovery Position of State Bank of India (2011-12)

	Asset Quality	(in ₹ crores)
1	Gross NPAs	39,676
	Gross NPA Percentage	4.4
2	Net NPAs	15,819
	Net NPA Percentage	1.8
3	Cash Recovery in NPA	4,159
4	Up gradation to Standard Assets	5,459
5	Write offs	744
6	Gross Reduction in NPAs (3+4+5)	10,362
7	Fresh Slippages of Standard Assets to NPA Category	24,712
8	Recovery in written off accounts	962

Source: SBI Annual Report 2011-12

Table 5: Performance of Stressed Asset Management Group (SAMG) of SBI (2011-12)

(Amount in ₹ Crores)

1	Cash Recovery in NPA	826
2	Upgradations in Standard Assets	154
3	Write-offs	9
4	Gross Reduction in NPAs (1+2+3)	989
5	Recovery in written-off accounts	216
	Total Resolution	1205

Source: SBI Annual Report 2011-12

Table 6: Gross and Net NPA Positions of Punjab & Sind Bank

NPA	as on 31.03.2011 (in ₹ crores)	as on 31.03.2012 (in ₹ crores)
Gross	424.28 (0.99%)	763.44 (1.65%)
Net	237.94 (0.56%)	547.56 (1.19%)

Source: PSB Annual Report, 2011-12

Table 7: Gross NPA and Net NPA Positions of Scheduled Commercial Banks from (1994-2000) and (2007-2012)

Year	Gross NPAs		Net NPAs	
	Amount (₹ Crore)	% of Total Advances	Amount (₹ Crore)	% of Total Advances
1994	38,385.18	19.45	17,566.64	10.67
1995	41,660.94	18.01	18,297.49	8.90
1996	43,577.09	17.84	20,284.73	9.18
1997	45,652.64	16.02	21,232.13	8.15
1998	51,710.50	15.89	24,211.49	8.13
1999	53,294.02	14.02	26,187.60	7.42
2000	54,773.16	12.40	27,968.11	6.74
2007	50,116.00	2.65	20,265.00	1.07
2008	55,699.00	2.39	24,737.00	1.06
2009	68,213.00	2.45	31,456.00	1.13
2010	81,805.00	2.51	39,126.00	1.20
2011	94,117.00	2.36	41,800.00	1.05
2012	1,37,096.00	2.94	73,230.16	1.57

(Source: RBI Statistical Tables and IBA)

Table 8: Domestic Advances by Leading Public Sector Banks in India

(In ₹ Crore)

Bank Name	*Priority Sector*		*Public Sector*		*Banks*	
	2010-11	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**
Allahabad Bank	30,763.73	37,396.43	14,786.64	16,772.86	0.00	0.00
Andhra Bank	23,574.15	27,659.48	5,834.43	7,509.91	0.00	0.00
Bank of Baroda	54,909.27	64,909.93	23,053.89	23,704.48	520.79	2,095.11
Bank of India	54,883.06	56,139.92	16,662.22	16,761.01	319.89	210.65
Canara Bank	67,999.31	69,270.89	33,597.47	34,567.59	1,202.54	43.08
Central Bank of India	40,509.51	38,522.18	9,868.12	9,760.38	17.44	74.97
Corporation Bank	23,904.74	29,324.53	10,454.77	14,160.13	50.32	14.50
Indian Bank	25,804.35	29,789.22	4,981.25	41.24	0.00	0.00
Punjab & Sind Bank	13,141.02	12,926.09	11,960.77	10,672.77	1,200.22	730.37
Punjab National Bank	78,637.01	92,032.95	17,902.43	22,672.71	13,150.68	1,504.04
UCO Bank	24,089.67	28,924.55	17,472.81	16,150.85	24.78	15.26
Vijaya Bank	14,361.89	17,115.66	15,542.25	13,141.38	81.42	754.19

Total	**452,577.71**	**504,011.83**	**182,117.05**	**185,915.31**	**16,568.08**	**5,442.17**

State Bank of India	2,31,597.87	2,50,176.96	48,924.42	54,707.32	454.92	180.38

Source: Performance Highlights of Public Sector Banks 2011-12, IBA

Table 9: Concentration of Advances by Leading Public Sector Banks in India
(In ₹ Crore)

Bank Name	*Total Advances to Twenty Largest Borrowers*		*Percentage of Advances to Twenty Largest Domestic Borrowers to the Total Domestic Advances of the Bank*	
	2010-11	**2011-12**	**2010-11**	**2011-12**
Allahabad Bank	12,521.82	17,554.92	13.37	15.64
Andhra Bank	15,513.00	15,524.00	21.50	18.33
Bank of Baroda	36,312.71	42,897.70	11.19	10.22
Bank of India	28,617.91	43,639.45	7.06	9.25
Canara Bank	40,767.81	39,387.44	19.19	16.94
Central Bank of India	30,679.41	31,551.92	23.65	20.85
Corporation Bank	31,054.73	32,065.01	28.31	25.52
Indian Bank	11,105.88	14,613.45	12.02	13.68
Punjab & Sind Bank	10,400.26	11,356.84	22.56	22.79
Punjab National Bank	44,887.26	46,871.58	18.45	15.73
UCO Bank	32,943.45	33,416.51	28.33	25.09
Vijaya Bank	12,523.22	13,853.52	23.75	18.32
Total	**307,327.46**	**342,732.34**	**-**	**-**

State Bank of India	65,236.21	83,199.80	8.45	9.31

(Source: Performance Highlights, IBA)

Table 10: Lending to Sensitive Sectors by Leading Public Sector Banks in India

(In ₹ Crore

Bank Name	*Capital Market Sector*				*Real Estate Sector*				*Total*	
	2010-11	**%**	**2011-12**	**%**	**2010-11**	**%**	**2011-12**	**%**	**2010-11**	**2011-12**
Allahabad Bank	827.67	0.88	687.75	0.62	8,620.44	9.21	11,850.98	10.66	9,448.11	12,538.73
Andhra Bank	910.11	1.27	982.21	1.17	9,155.32	12.82	9,129.14	10.91	10,065.43	10,111.35
Bank of Baroda	2,606.44	1.14	2,939.39	1.02	23,857.94	10.43	27,157.40	9.45	26,464.38	30,096.79

Bank of India	3,247.43	1.52	3,342.10	1.34	20,811.93	9.77	24,049.57	9.66	24,059.36	27,391.67
Canara Bank	3,264.48	1.55	3,778.10	1.63	16,450.69	7.79	17,685.03	7.61	19,715.17	21,463.13
Central Bank of India	2,307.91	1.78	2,166.52	1.47	17,350.99	13.38	18,780.32	12.73	19,658.90	20,946.84
Corporation Bank	1,509.87	1.74	1,408.50	1.40	13,572.66	15.63	14,984.86	14.91	15,082.53	16,393.36
Indian Bank	894.88	1.19	811.65	0.90	9,651.87	12.83	12,310.02	13.63	10,546.75	13,121.67
Punjab & Sind Bank	145.12	0.34	192.54	0.42	6,459.79	15.15	7,155.40	15.50	6,604.91	7,347.94
Punjab National Bank	3,804.86	1.57	4,042.71	1.38	42,687.77	17.63	48,474.59	16.50	46,492.63	52,517.30
UCO Bank	917.85	0.93	832.85	0.72	12,190.50	12.30	11,112.54	9.62	13,108.35	11,945.39
Vijaya Bank	407.03	0.84	463.73	0.80	10,196.81	20.93	11,291.94	19.50	10,603.84	11,755.67
Total	**20,843.65**		**21,648.05**		**1,91,006.71**		**21,3981.79**		**2,11,850.36**	**2,35,629.84**

State Bank of India	10,335.30	1.37	3,570.26	0.41	1,34.623.49	0.18	1,44,668.37	0.17	1,44958.79	1,48,238.63

Source: Performance Highlights of Public Sector Banks 2011-12, (IBA)

Table 11: **Provisions and Contingencies Maintained by Leading Public Sector Banks in India**

(In ₹ Crore)

Bank Name	***NPA***		***Standard Assets***		***Bad Debts***		***Bad Debts w/o***	
	2010-11	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**
Allahabad Bank	800.00	1,183.46	81.81	144.47	0.00	0.00	674.75	695.73
Andhra Bank	468.22	481.68	93.50	100.00	0.00	0.00	0.00	0.00
Bank of Baroda	1,055.47	1,568.87	223.85	448.17	0.00	0.00	529.59	1,235.96
Bank of India	1,054.30	2,025.16	149.55	278.44	0.00	0.00	357.28	1,005.19
Canara Bank	1,001.18	1,294.06	184.32	171.06	0.00	0.00	2,978.16	3,533.44
Central Bank of India	632.00	1,375.00	106.00	54.00	0.00	0.00	63.00	1,169.00
Corporation Bank	479.27	557.20	72.54	110.25	0.00	0.00	205.39	475.76
Indian Bank	719.36	766.94	13.61	140.64	0.00	0.00	292.37	609.84
Punjab & Sind Bank	159.96	61.11	49.30	11.98	0.00	0.00	127.18	120.47
Punjab National Bank	2,003.74	2,403.10	259.20	509.67	0.00	0.00	2,836.29	2,038.63

UCO Bank	1,180.65	759.45	67.85	102.01	0.00	0.00	0.00	0.00
Vijaya Bank	413.86	414.08	0.00	34.81	0.00	0.00	0.00	0.00
Total	9,968.01	12,890.11	1,301.53	2,105.50	0.00	0.00	8064.01	10884.02
State Bank of India	8,415.44	11,949.10	976.60	978.81	0.00	0.00	5,339.10	7,477.01

Source: Performance Highlights of Public Sector Banks 2011-12, IBA

Table 12: Comparative Advances Position of Leading Indian Private Sector Banks

(In ₹ Crore)

Bank Name	***Advances***		***Growth in Percentage***		***Market Share in %***	
	2010-11	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**
Axis Bank	1,42,407.83	1,69,759.54	36.48	19.21	17.86	17.57
HDFC Bank	1,59,982.67	1,95,420.03	27.14	22.15	20.06	20.22
ICICI Bank	2,16,365.90	2,53,727.66	19.40	17.27	27.13	26.25
IndusInd Bank	26,165.65	35,063.95	27.32	34.01	3.28	3.63
Kotak Mahindra Bank	29,329.31	39,079.23	41.18	33.24	3.68	4.04
Yes Bank	34,363.64	37,988.64	54.84	10.55	4.31	3.93
Karur Vysya Bank	17,814.46	23,949.19	32.48	34.44	2.23	2.48
Total	1,07,673.06	1,36,081.01	28.13	20.14	76.86	76.19
Old Private Sector Banks	1,84,647.31	2,30,094.75	19.83	24.61	23.15	23.81
Total (New + Old Banks)	2,92,320.37	3,66,175.76	26.11	21.17	100.00	100.00

Source: Performance Highlights of Private Sector Banks 2011-12, IBA

Table 13: Basel – II Compliant Capital Adequacy Ratios (2010-2012) of Public Sector Banks

Bank Name	**2010**	**2011**	**2012**
Allahabad Bank	13.62	12.96	12.83
Andhra Bank	13.93	14.38	13.18
Bank of Baroda	14.36	14.52	14.67
Bank of India	12.94	12.17	11.95
Canara Bank	13.43	15.38	13.76
Central Bank of India	12.24	11.64	12.40
Corporation Bank	15.37	14.11	13.00

Indian Bank	NA	13.56	13.47
Punjab & Sind Bank	13.10	12.94	13.26
Punjab National Bank	14.16	12.42	12.63
UCO Bank	13.21	13.71	12.35
Vijaya Bank	12.50	13.88	13.06
State Bank of India	13.39	11.98	13.86

Source: Key Business Statistics, Indian Banks Association

Table 14: Basel – II Compliant Capital Adequacy Ratios (2010-2012) of Private Sector Banks

Bank Name	2010	2011	2012
Axis Bank	15.80	12.65	13.66
HDFC Bank	17.44	16.22	16.52
ICICI Bank	19.41	19.54	18.52
IndusInd Bank	15.33	15.89	13.85
Kotak Mahindra Bank	18.35	19.22	17.52
Yes Bank	20.61	16.50	17.90
Karur Vysya Bank	14.49	14.41	14.33

Source: Key Business Statistics, Indian Banks Association