



A comparative of non performing assets of public sector, new private sector and foreign banks in India

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ABSTRACT

The banking industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management. While the primary function of banks is to lend funds as loans to various sectors such as agriculture, industry, personal loans, housing loans etc., in recent times the banks have become very cautious in extending loans. The reason being mounting non-performing assets (NPAs). NPA account not only reduces profitability of banks by provisioning in the profit and loss account, but their carrying cost is also increased which results in excess & avoidable management attention. Apart from this, a high level of NPA also puts strain on a banks net worth because banks are under pressure to maintain a desired level of Capital Adequacy and in the absence of comfortable to assess the health of various categories of loan assets in various categories of banks.

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Introduction

Non-Performing Assets (NPAs) have been plaguing the Indian financial sector for a long time, but were not in the public domain until the early nineties. By that time, a significant number of loan assets involving uncertainty with respect to ultimate collection had piled up, creating concerns with the opinion-makers about the health of the Indian banking and financial sectors. NPAs reflect natural waste in any economy. In advanced economies, the financial markets are well-developed and segmented, with various players operating in identified niches, catering to various user/risk segments. This constitutes an effective institutional mechanism for targeting risks to players with an appetite for such risks. Commercial banking is conducted in a highly risk-managed and mitigated ambience, unlike its Indian counterparts who are often required to take unmitigated risks as a part of business policy. The origination of NPAs in the Indian banking landscape can be broadly discussed in two stages:

- a) pre - liberalization era; and
- b) post - liberalizing era.

a) Pre-liberalization era

In the context of accretion to NPAs in the banking system, the contributory factors during this period were mainly the following:

- i) Down-swings in agricultural sectors triggered by monsoon vagaries, bringing about all-round economic and demand recessions.
- ii) **Industrial licensing:** The scale of the economy in relation to international standards was compromised, leading to high capital costs per unit of production. This was often said to be offset by lower labour costs. However, in reality labour productivity, coupled with application of automation, outweighed the benefit from lower labour costs in the Indian context.
- iii) **Sector-wise reservation:** Reservation of major sectors for investment by the Government of India (GOI) in the public sector structure in post-independence days became a necessity

owing to various reasons, among others, non-availability of private capital. In later years many of these Public Sector Units (PSUs) (though they might have served their socio- economic objectives) became commercially unviable in the absence of a proper growth plan when faced with burgeoning employee costs during their lifecycle. As a result, down-stream integration of SMEs with these PSUs led them to a sticky situation with their bankers owing to a longer receivable cycle/non-realization of receivables. In addition, reservation in some of these sectors led to setting up of uneconomical facilities, and improper quality and product pricing (price-quality matrix issues) despite subsidization by the GOI.

iv.) Controlled interest rate: In the controlled interest rate regime, banks were not in a position to price the risk premium. This led to cross-subsidization across the risk profile of the loan assets. Although additional collaterals were taken for risky loan assets, in the absence of a conducive legal system, the banks were not in a position to realize value from these collaterals.

v.) Tariff protection: In the absence of a long-term tariff policy, it was difficult for the banking system to appraise project viability with any degree of certainty during the loan pay-back period.

vi. Role of developmental financial institutions (DFIs): The DFIs played a predominant role in the growth financing during the pre-liberalization era. This model became unsustainable as they started facing difficulties in raising funds.

In a way, the DFIs in India played the role of Venture Capital (VC) funding without capturing the possible upside of the model. The success of DFIs can, therefore, be compared only with VC funding.

However, because of non-availability of a favourable legal environment, coupled with various extraneous factors, they are often discredited with the failures.

b) Post-liberalizing era

India's macroeconomic policies were conservative until the early eighties. Accompanied by some liberalization in the form of de-licensing of select industries, permitted changes in product-mix within the overall capacity (broad-banding) and creeping relaxation of imports during mid eighties, the Indian economy registered an average growth rate of 5.3 percent per annum (sixth five year plan) and 5.8 percent per annum (seventh five-year plan), much higher than the Hindu rate of average growth of 3.5 percent per annum during the previous three decades. In fact, there was a mini-industrial boom in the early part of the seventh five-year plan (1985-88). However, a growing fiscal deficit triggered a macroeconomic crisis in 1991.

With the commencement of reform of the economy in 1991, banks were to follow the Basel Capital Accord. Consequently, the Reserve Bank of India (RBI) issued the first set of comprehensive guidelines for Income Recognition and Assets Classification (IRAC) in April 1992. The central bank, with a cautious move, adopted a time-based provisioning method and averted a near crisis situation by not imposing a write-off of the entire loan asset impairment amount based on present value of realizable cash flow upon recognition of NPA. With a stable political scenario during post-commencement of reforms, and against the back-drop of hyped-up demand projections endorsed by several leading strategists, the Indian economy once again experienced a quick capacity build-up during the mid-nineties.

On the face of a liquidity crisis, many of these projects had to borrow at abnormally high rates of interest. However, towards the end of the decade, the mistake was realized as those loan assets started showing signs of impairment. The volume of NPAs in the system reached a peak level, requiring focused attention. Many banks set up taskforces, special asset management groups, etc. to deal with the situation in a focused manner by creating a type of bad bank within the bank. By that time the entire South-East Asian region was reeling under an economic crisis triggered by the high level of NPAs in the banking system. Many specialists and experts were, by then, seriously raising concerns about the possibility of India heading for a crisis. The net upshot was that by the mid-nineties the banking industry became risk-averse towards corporate lending activity. Many banks took a strong position in government securities. Propelled by the growth in the retail sector, the banking sector registered a decent credit growth during the subsequent period. In the late-nineties, during a declining interest rate regime, the banking sector was sitting on a sizeable capital gain. As such, in order to tackle the NPA stock problem, the banking sector generally adopted a 'provide and hold' strategy. As a result, net NPAs in the system declined significantly, which was also due to setting up of a self-help mechanism, namely Corporate Debt Restructuring (CDR), under the aegis of the RBI. The CDR forum has done a commendable job during the period since inception in 2002 to restrict the flow of NPAs in the system.

Literature review

A synoptic review of the literature brings to the fore insights into the determinants of NPA. Bhattacharya (2001) rightly points to the fact that in an increasing rate regime, quality borrowers would switch over to other avenues such as capital markets, internal accruals for their requirement of funds. Under such circumstances, banks would have no option but to dilute the quality of borrowers thereby increasing the probability of generation of NPAs. The problem of NPAs is related to several

internal and external factors confronting the borrowers. Muniappan, 2002. Rajaraman and Vasishtha (2002) in an empirical study provided an evidence of significant bi-variate relationship between an operating inefficiency indicator and the problem loans of public sector banks. In a similar manner, largely from lenders' perspective, Das and Ghosh (2003) empirically examined non-performing loans of India's public sector banks in terms of various indicators such as asset size, credit growth and macroeconomic condition, and operating efficiency indicators. Mohan (2003) conceptualized 'lazy banking' while critically reflecting on banks' investment portfolio and lending policy. A considered view is that banks' lending policy could have crucial influence on nonperforming loans (Reddy, 2004). He critically examined various issues pertaining to terms of credit of Indian banks.

Objectives of the study

The objectives of the study are as follows:

- 1) To study the magnitude and trends of non-performing assets of various categories of banks in India.
- 2) To examine the asset quality of various categories of banks in India.
- 3) To assess the health of various categories of loan assets in various categories of banks.

Research methodology

The present study is investigative in nature. In this study, the state of NPAs in the scheduled commercial banks, public sector banks, new private sector banks and foreign banks during the period 2002-03 to 2008-09 is examined. This study is based on the secondary data which is collected from the various Reports on Trend and Progress of Banking in India and Economic Surveys. The collected data have been tabulated to analyze the situation of NPAs in various banks in India. The study examined the trends in Gross NPAs to Gross Advances, Net NPAs to Net Advances and the classification of various assets. Various statistical tools such as mean, standard deviation, correlation, regression, Coefficient of determination, ANOVA, Post-Hoc Tukey HSD test,

Hypothesis

H₀: Null Hypothesis that there is no significant association between GNPA's & gross Advances of the banks.

H₀: Null Hypothesis that there is no significant association between NNPA's & Net Advances of the banks.

H₀: Null Hypothesis that there is no significant difference between difference between average sub-standard assets, doubtful assets and loss assets.

Results and discussion

(1) Trend of Gross Advances and Gross Non Performing Assets; a perusal of Table 1 reveals that

(i) Gross advances of the scheduled commercial banks (table 1) have increased from Rs.7,78,043 crore in the year 2002-03 to Rs. 30,38,254 crore in the year 2008-09 in the absolute terms. But the reverse trend is noticed in case of gross NPA as they have decreased from Rs. 68,717 crore in the year 2002-03 to Rs.56,435 crore in the year 2007-08. In the year 2008-09, the gross NPA again increased to Rs.98,973 crore.

(ii) In case of Public Sector Banks, the similar increasing trend of gross advances is noticed as they have increased from Rs.5,77,813 crore in the year 2002-03 to Rs.22,83,473 crore in the year 2008-09. The gross NPA of the banks have decreased from Rs.54,090 crore in the year 2002-03 to Rs.40,595 crore in the year 2007-08. But in the year 2008-09, they again increased to reach Rs.45,156 crore.

(iii) The gross advances of new private sector also exhibits the increasing trend as they have rose to Rs.4,54,713 crore in the year 2008-09 from Rs.94,718 crore in the year 2002-03. The gross NPA of the banks shows a decreasing trend from the year 2002-03 to 2005-06 in which they declined from Rs.7,232 crore to Rs.4,052 crore. But after that they show a increasing trend to reach Rs.13,911 crore in the year 2008-09.

(iv) The gross advances of the foreign banks also shows increasing trend as they have increased from Rs.54,184 crore in 2002-03 to Rs.1,69,716 crore in 2008-09. The gross NPA of the banks remain almost same in the years 2002-03 and 2003-04. But in the next two years, i.e. 2004-05 and 2005-06 they declined to reach Rs.1,927 crore in 2005-06. In the next three years of the study they showed a increasing trend to reach Rs. 6,833 crore in 2008-09. A sharp increase is also noticed in the year 2008-09 as they increased from Rs. 2,857 crore in 2007-08 to Rs.6,833 crore in 2008-09.

1. The Statistical test of association between Gross Advances and Gross NPA of Scheduled Commercial Banks shows that $R=0.521$, $P=0.231$ and since $P>0.05$ the hypothesis is accepted. In the test $R^2=0.271$ which shows that only 27.1% of variation in GNPA is explained by variation in Gross Advances which again proves the hypothesis that there is no significant association between GNPA & Gross Advances of Scheduled Commercial Banks. ANOVA values show that in the test $F = 0.1863$, $P = 0.231$ ($p > 0.05 \Rightarrow NS$) Thus, hypothesis is accepted and there is no significant association between GNPA & Gross Advances of Scheduled Commercial Banks.

2. The Statistical test of Association between Gross Advances and Gross NPA of Public Sector Banks shows that $R=0.560$, $P=0.191$ and since $P>0.05$ the hypothesis is accepted. In the test $R^2=0.177$ which shows that only 17.7% of variation in GNPA of Public Sector Banks is explained by variation in Gross Advances which again proves the hypothesis that there is no significant association between GNPA & Gross Advances of Public Sector Banks. ANOVA values show that in the test $F = 2.289$, $P = 0.191$ ($p > 0.05 \Rightarrow NS$). Thus, hypothesis is accepted and there is no significant association between GNPA and Gross Advances of Public Sector Banks.

3 The Statistical test of Association between Gross Advances and Gross NPA of New Private Sector Banks shows that $R=0.751$, $P=0.048$ and since $P<0.05$ the hypothesis is rejected. In the test $R^2=0.491$ which shows that only 49.1% of variation in GNPA of New Private Sector Banks is explained by variation in Gross Advances which again rejects the hypothesis that there is no significant association between GNPA & Gross Advances of New Private Sector Banks. ANOVA values show that In the test $F = 6.789$, $P = 0.048$ ($p < 0.05 \Rightarrow S$) Thus, hypothesis is rejected and there is significant association between GNPA & Gross Advances of New Sector Banks.

4. The Statistical test of Association between Gross Advances and Gross NPA of Foreign banks shows that $R=0.553$, $P=0.198$ and since $P>0.05$ the hypothesis is accepted. In the test $R^2=0.406$ which shows that only 40.6% of variation in GNPA is explained by variation in Gross Advances which again proves the hypothesis that there is no significant association between GNPA & Gross Advances of Foreign banks. ANOVA values show that in the test $F = 2.204$, $P = 0.406$ ($p > 0.05 \Rightarrow NS$) Thus, hypothesis is accepted and there is no significant association between GNPA & Gross Advances of Foreign Banks.

(2) Trend of net advances and net NPA

(i) Net advances of the scheduled commercial banks (table 2) have increased from Rs. 7,40,473 crore in the year 2002-03 to Rs. 30,00,906 crore in the year 2008-09 in the absolute terms.

But the reverse trend is noticed in case of net NPA as they have decreased from Rs. 29,692 crore in the year 2002-03 to Rs.15,529 crore in the year 2005-06. From the year 2006-07, the net NPA again started increasing to reach a level of Rs.31,424 crore in the year 2008-09.

ii) In case of Public Sector Banks, the similar increasing trend of net advances is noticed as they have increased from Rs.5,49,351 crore in the year 2002-03 to Rs.22,60,156 crore in the year 2008-09. The net NPA of the banks have decreased from Rs.24,877 crore in the year 2002-03 to Rs.14,561 crore in the year 2005-06. But in the year 2006-07, 2007-08 and 2008-09 they again increased to reach Rs.21,033 crore in 2008-09.

(iii) The net advances of new private sector also exhibits the increasing trend as they have rose to Rs.4,46,824 crore in the year 2008-09 from Rs.89,515 crore in the year 2002-03. The net NPA of the banks shows a increasing trend except the year 2005-06 in which they declined from Rs.2,353 crore to Rs.1,793 crore. In the last year of study, i.e. 2008-09, the net increased almost by 50 percent in comparison of the previous year as they increased from Rs.4,907 crore in 2007-08 to reach a level of Rs.6,253 crore in 2008-09. (iv) The net advances of the foreign banks also shows increasing trend as they have increased from Rs.52,171 crore in 2002-03 to Rs.1,65,415 crore in 2008-09. The net NPA of the banks remain almost same in the years 2002-03 and 2003-04. But in the next year, i.e. 2004-05 they declined to reach Rs.639 crore. In the next four years of the study they showed a increasing trend to reach Rs. 2,973 crore in 2008-09. A sharp increase is also noticed in the year 2008-09 as they increased from Rs. 1,247 crore in 2007-08 to Rs.2,973 crore in 2008-09.

1. The Statistical test of Association (Table 4) between Net Advances and Net NPA of Scheduled Commercial Banks shows that $R=0.237$, $P=0.132$ and since $P>0.05$ the hypothesis is accepted. In the test $R^2=0.056$ which shows that only 5.6 % of variation in NNPA is explained by variation in Net Advances which again proves the hypothesis that there is no significant association between NNPA & Net Advances of Scheduled Commercial Banks. ANOVA values show that in the test $F = 0.298$, $P = 0.132$ ($p > 0.05 \Rightarrow NS$)

Thus, hypothesis is accepted and there is no significant association between NNPA and Net Advances of Scheduled Commercial Banks.

2. The Statistical test of Association between Net Advances and Net NPA of Public Sector Banks shows that $R= -0.162$, which indicates that there is negative correlation between Net advances and NNPA. $P=0.026$ and since $P<0.05$ the hypothesis is rejected. In the test $R^2=0.168$ which shows that only 16.8% of variation in NNPA of Public Sector Banks is explained by variation in Net Advances which again proves the hypothesis that there is no significant association between NNPA & Net Advances of Public Sector Banks. ANOVA values show that in the test $F = .135$, $P = 0.026$ ($p < 0.05 \Rightarrow NS$).

Thus, hypothesis is rejected and there is no significant association between NNPA and Net Advances of Public Sector Banks.

3 The Statistical test of Association between Net Advances and Net NPA of New Private Sector Banks shows that $R=0.914$, $P=0.004$ and since $P<0.05$ the hypothesis is rejected.

In the test $R^2=0.835$ which shows that 83.5% of variation in NNPA of New Private Sector Banks is explained by

variation in Net Advances which again rejects the hypothesis that there is no significant association between NNPA's & Net Advances of New Private Sector Banks.

ANOVA values show that In the test $F = 5.249$, $P = 0.004$ ($p < 0.05 \Rightarrow S$) Thus, hypothesis is rejected and there is significant association between NNPA's & Net Advances of New Sector Banks.

4. The Statistical test of Association between Net Advances and Net NPA of Foreign banks shows that $R=0.676$, $P=0.095$ and since $P>0.05$ the hypothesis is accepted.

In the test R square 0.457 which shows that only 45.7% of variation in NNPA's is explained by variation in Net Advances which again proves the hypothesis that there is no significant association between NNPA's and Net Advances of Foreign banks. ANOVA values show that in the test $F = 4.215$, $P = 0.095$ ($p > 0.05 \Rightarrow NS$). Thus, hypothesis is accepted and there is no significant association between NNPA's and Net Advances of Foreign Banks.

(3) Assets-wise classification of NPAs

The NPAs of banks can be classified in four heads as per their health i.e. standard assets, sub-standard assets, doubtful assets and loss assets:

(i) Sub-standard assets of the scheduled commercial banks registered an increasing trend, whereas the doubtful assets and loss assets decreased over the period of study except the year 2008-09. The sub-standard assets of the banks have increased from Rs.20,078 crore in 2002-03 to Rs.37,030 crore in 2008-09. Whereas the doubtful assets have decreased from 5.1 percent to 0.9 percent and loss assets have decreased from 1.1 percent to 0.2 percent over the period under study.

(ii) Sub-standard assets, doubtful assets and loss assets of the public sector banks registered a decreasing trend as they have decreased from 2.9 percent to 0.9 percent, 5.6 percent to 0.9 percent and 1.1 percent to 0.2 percent respectively from 2002-03 to 2008-09.

(iii) In case of new private sector banks, sub-standard assets have decreased from 2.9 percent in 2002-03 to 0.7 percent in 2005-06 and then increased in the next three years to reach a level of 2.0 percent in 2008-09. Loss assets have decreased from 0.9 percent in 2002-03 to 0.2 percent in 2005-06 and then remain same in the next three years of period under study. The doubtful assets of the banks have decreased from 3.9 percent in the year 2002-03 to 0.7 percent in 2006-07 and then increased marginally to 0.8 percent in the year 2007-08 and remained same in the year 2008-09.

(iv) The sub-standard assets of the banks declined from 1.8 percent in the year 2002-03 to 1.0 percent in 2004-05. After remaining at the same level in 2005-06, it shows an increasing trend to reach 3.5 percent in 2008-09. The doubtful assets of the banks show a mixed trend ranging from 0.5 percent to 1.8 percent. The loss assets of banks declined from 1.8 percent in 2002-03 to 0.2 percent in 2007-08 and then increased marginally to 0.3 percent in 2008-09. The results of one way ANOVA in case of scheduled commercial banks revealed that: $F=30.351$, p value = 0.000 (Table 6), in case of public sector banks these values are $F=50.142$ and p value = 0.000 and in case of new private sector banks $F=6.574$ and p value is 0.007.

Since the p value is less than 0.05, the null hypothesis of no significant difference between average sub-standard assets, doubtful assets and loss assets is rejected. Hence, it is found that there is significant difference in the average loan assets under different categories. Whereas in case of foreign banks $F= 2.614$ and p value is 0.101.

Since the p -value is more than 0.05, the null hypothesis is accepted that there is significant difference between average sub-standard, doubtful assets and loss assets. Further, Post Hoc Tukey HSD test for multiple comparisons between various loan assets reveals that there is no significant difference between means of sub-standard assets and doubtful assets and loss assets in case of scheduled commercial banks and public sector banks (Table 7A to 7D). In case of new private sector banks, sub-standard assets significantly differs from doubtful assets (Table 7E & 7F).

In case of foreign banks, doubtful assets and loss assets differ significantly from each other (Table 7G & 7H).

Conclusion

Public sector banks dominate the Indian banking as these occupy almost two third share of total advances to the economy. New private sector banks and foreign banks have also expanded their operations over the last seven years. It was found in the present study that the situation of NPA in banks has improved over the period of study. But in 2008-09, the NPA in foreign banks have almost grown to four times in comparison of the year 2007-08. In general it may be concluded that the position of NPA has improved considerably in the Indian banks.

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Table 1: Gross Advances and Gross NPA (Amount in Rs. crore)

Year	Scheduled Commercial Bank		Public Sector Banks		New Private Sector Banks		Foreign Banks	
	Gross Advances	Gross NPA	Gross Advances	Gross NPA	Gross Advances	Gross NPA	Gross Advances	Gross NPA
2003	7,78,043	68,717	5,77,813	54,090	94,718	7,232	54,184	2,845
2004	9,02,026	64,785	6,61,975	51,538	1,19,511	5,961	62,632	2,894
2005	11,52,682	59,373	8,77,825	42,106	1,27,420	4,582	77,026	2,192
2006	15,51,378	51,816	11,34,724	42,106	2,32,536	4,052	98,965	1,927
2007	20,12,510	50,486	14,64,493	38,968	3,25,273	6,287	1,27,872	2,263
2008	25,07,885	56,435	18,19,074	40,595	4,12,441	10,426	1,62,966	2,857
2009	30,38,254	68,973	22,83,473	45,156	4,54,713	13,911	1,69,716	6,833

Source: Various Reports on Currency and Finance

Table 2 : Statistical Results (Correlation and ANOVAs)

Banks	R	R ²	Adjusted R ²	S.E. of Estimate	Sig. (two tailed)	ANOVA Results				
						Sum of Squares	d.f.	Mean of Squares	F	Significance
Scheduled Commercial Bank	.521	.271	.126	7140.7821	.231	9.499E7	1	9.499E7	1.863	.231 ^a
Public Sector Banks	.560	.314	.177	5210.76451	.191	6.215E7	1	6.215E7	2.289	.191 ^a
New Pvt. Sector Banks	.759	.576	.491	2505.03837	.048	4.260E7	1	4.260E7	6.789	.048 ^a
Foreign Banks	.553	.306	.167	1536.18081	.198	5201743.426	1	5201743.426	2.204	.198 ^a

Predictor Constant- Gross Advances

Table 3: Net Advances and Net NPA (Amount in Rs. Crore)

Year	Scheduled Commercial Bank		Public Sector Banks		Private Sector Banks		Foreign Banks	
	Net Advances	Net NPA	Net Advances	Net NPA	Net Advances	Net NPA	Net Advances	Net NPA
2003	7,40,473	29,692	5,49,351	24,877	89,515	1,365	52,171	903
2004	8,62,643	24,396	6,31,383	19,335	1,15,106	1,986	60,506	933
2005	11,15,663	21,574	8,48,912	16,904	1,23,655	2,353	75,354	639
2006	15,15,669	18,529	11,06,128	14,561	2,30,005	1,793	97,555	808
2007	19,81,216	20,101	14,40,123	15,145	3,21,865	3,137	1,26,339	927
2008	24,76,936	24,730	17,97,401	17,836	4,06,733	4,907	1,61,133	1,247
2009	30,00,906	31,424	22,60,156	21,033	4,46,824	6,253	1,65,415	2,973

Source: Various Reports on Currency and Finance

Table 4: Statistical Results (Correlation and ANOVAs)

Banks	R	R ²	Adjusted R ²	S.E. of Estimate	Sig. (Two Tailed)	ANOVA Results				
						Sum of Squares	d.f.	Mean of Squares	F	Significance
Scheduled Commercial Bank	.237	.056	.132	5110.28406	.608	794156.6230	1	794156.6230	.298	.608 ^a
Public Sector Banks	-.162	.026	.168	3885.71353	-.728	2040241.328	1	2040241.328	.135	.728 ^a
New Pvt. Sector Banks	.914	.835	.802	807.50773	.004	1.646E7	1	1.646E7	5.249	.004 ^a
Foreign Banks	.676	.457	.349	646.19311	.095	1760193.734	1	1760193.734	4.215	.095 ^a

Predictor Constant- Net Advances

Dependent Variable- Net NPA

Table 5: Asset- wise Classification of NPAs (Amount in Rs. Crore)

Bank Group/Year	Sub-standard Assets		Doubtful Assets		Loss Assets	
	Amount	Per-cent	Amount	Per-cent	Amount	Per-cent
Scheduled Commercial Banks						
2003	20078	2.6	39731	5.1	8971	1.1
2004	21026	2.3	36247	4.0	7625	0.9
2005	14016	1.2	37763	3.3	7382	0.6
2006	14826	1.0	30105	2.0	7016	0.4
2007	20010	1.0	24408	1.2	6215	0.3
2008	26541	1.1	24507	1.0	5619	0.2
2009	37030	1.2	26998	0.9	6035	0.2
Public Sector Banks						
2003	14909	2.6	32340	5.6	6840	1.1
2004	16909	2.5	28756	4.4	5876	0.9
2005	11068	1.3	30779	3.5	5929	0.7
2006	11453	1.0	25028	2.2	5636	0.5
2007	14275	1.0	19873	1.4	4826	0.3
2008	17290	1.0	19291	1.1	4018	0.2
2009	20603	0.9	21019	0.9	4296	0.2
New Private Sector Banks						
2003	2700	2.9	3675	3.9	856	0.9
2004	1966	1.6	3665	3.0	321	0.3
2005	1449	1.1	3061	2.4	334	0.3
2006	1717	0.7	1855	0.8	460	0.2
2007	3608	1.1	2147	0.7	516	0.2
2008	6473	1.6	3106	0.8	849	0.2
2009	9258	2.0	3708	0.8	934	0.2
Foreign Banks						
2003	995	1.8	944	1.7	954	1.8
2004	990	1.6	1099	1.8	924	1.5
2005	715	1.0	1035	1.3	570	0.7
2006	946	1.0	670	0.7	441	0.5
2007	1367	1.1	605	0.5	447	0.3
2008	1962	1.2	764	0.5	358	0.2
2009	5874	3.5	1004	0.6	416	0.3

Source Report on Currency and Finance, 2008-09

Table 6 : Classification of Loan Assets

	Between Groups	Within Groups	Total
Scheduled Commercial Banks			
Sum of Squares	2.121E9	6.290E8	1.643E9
df	2	18	20
Mean Square	1.061E9	3.495E7	
F	30.351		
Sig.	0.000		
Public Sector Banks			
Sum of Squares	1.393E9	2.501E8	1.643E9
df	2	18	20
Mean Square	6.967E8	1.389E7	
F	50.142		
Sig.	0.000		
New Pvt. Sector Banks			
Sum of Squares	4.034E7	5.522E7	9.556E7
df	2	18	20
Mean Square	2.017E7	3068013.873	
F	6.574		
Sig.	0.007		
Foreign Banks			
Sum of Squares	5984772.667	2.061E7	2.659E7
df	2	18	20
Mean Square	2992386.333	1144921.349	
F	2.614		
Sig.	0.101		

Table7A: Post Hock Tuskey Results of Multiple Comparison for Classification of Loan Assets (Scheduled Commercial Banks

(I)Scheduled Commercial Banks	(J) Scheduled Commercial Banks	Mean Difference (I-J)	Std. Error	Sig.
Substandard Assets	Doubtful Assets	-9461.71429 [*]	3159.81522	.020
	Loss Assets	14952.00000 [*]	3159.81522	.000
Doubtful Assets	Substandard Assets	9461.71429 [*]	3159.81522	.020
	Loss Assets	24413.71429 [*]	3159.81522	.000
Loss Assets	Substandard Assets	-1.49520E4	3159.81522	.000
	Doubtful Assets	-2.44137E4	3159.81522	.000

*. The mean difference is significant at the 0.05 level

Table 7B: Homogeneous Subsets of Classification of Loan Assets

Scheduled Commercial Banks	N	Subset for alpha = 0.05		
		1	2	3
Loss Assets	7	6980.4286		
Substandard Assets	7		21932.4286	
Doubtful Assets	7			31394.1429
Sig.		1.000	1.000	1.000

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 7.000.

Table7c: Post Hock Tuskey Results of Multiple Comparison for Classification of Loan Assets (Public Sector Banks)

(I) Public Sector Banks	(J) Public Sector Banks	Mean Difference (I-J)	Std. Error	Sig.
Substandard Assets	Doubtful Assets	-1.00827E4	1992.41819	.000
	Loss Assets	9869.42857 [*]	1992.41819	.000
Doubtful Assets	Substandard Assets	10082.71429 [*]	1992.41819	.000
	Loss Assets	19952.14286 [*]	1992.41819	.000
Loss Assets	Substandard Assets	-9869.42857 [*]	1992.41819	.000
	Doubtful Assets	-1.99521E4	1992.41819	.000

*. The mean difference is significant at the 0.05 level

Table 7D Homogeneous Subsets of Classification of Loan Assets(Public Sector Banks)

Public Sector Banks	N	Subset for alpha = 0.05		
		1	2	3
Loss Assets	7	5345.8571		
Substandard Assets	7		15215.2857	
Doubtful Assets	7			25298.0000
Sig.		1.000	1.000	1.000

a. Means for groups in homogeneous subsets are displayed. Uses Harmonic Mean Sample Size = 7.000.

Table 7E Post Hock Tuskey Results of Multiple Comparison for Classification of Loan Assets (New Private Sector Banks)

(I)New Private Sector Banks	(J)New Private Sector Banks	Mean Difference (I-J)	Std. Error	Sig.
Substandard Assets	Doubtful Assets	850.57143	936.25605	.642
	Loss Assets	3271.57143 [*]	936.25605	.007
Doubtful Assets	Substandard Assets	-850.57143	936.25605	.642
	Loss Assets	2421.00000 [*]	936.25605	.047
Loss Assets	Substandard Assets	-3271.57143 [*]	936.25605	.007
	Doubtful Assets	-2421.00000 [*]	936.25605	.047

Table 7F: Homogeneous Subsets of Classification of Loan Assets(New Private Sector Banks)

New Pvt. Sector Banks	N	Subset for Alpha =0.05	
		1	2
Loss Assets	7	610.0000	
Doubtful Assets	7		3031.0000
Substandard Assets	7		3881.5714
Sig.		1.0000	0.642

Means for groups in homogeneous subsets are displayed.
Uses Harmonic Mean Sample Size = 7.000.

Table 7G Post Hock Tuskey Results of Multiple Comparison for Classification of Loan Assets (New Foreign Banks)

(I) Foreign Banks	(J) Foreign Banks	Mean Difference(I-J)	Std. Error	Sig.
Substandard Assets	Doubtful Assets	961.14286	571.94439	.240
	Loss Assets	1248.42857	571.94439	.101
Doubtful Assets	Substandard Assets	-961.14286	571.94439	.240
	Loss Assets	287.28571	571.94439	.871
Loss Assets	Substandard Assets	-1248.42857	571.94439	.101
	Doubtful Assets	-287.28571	571.94439	.871

Table 7H: Homogeneous Subsets of Classification of Loan Assets (New Private Sector Banks)

Foreign Banks	N	Subset for Alpha=0.05
		1
Loss Assets	7	587.1429
Doubtful Assets	7	874.4286
Substandard Assets	7	1835.5714
Sig.		0.101

Means for groups in homogeneous subsets are displayed.