International Journal of Business
Management & Research (IJBMR)
ISSN(P): 2249-6920; ISSN(E): 2249-8036
Vol. 5, Issue 5, Oct 2015, 73-78

EMPIRICAL STUDY ON NON PERFORMING ASSETS OF PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

Non-performing Asset being an important parameter in the analysis of financial performance of a bank as it results in decreasing margin and higher provisioning requirements for doubtful debts. NPA is a virus affecting banking sector. It affects liquidity and profitability, in addition posing threat on quality of asset and survival of banks. The motive of present study is to access the non – performing assets of selected public and private sector banks and its impact on profitability & to see the relation between Net Profits & Net NPA. The study uses the annual reports of selected 10 public and private sector banks respectively for the period of three years from 2012-2013 to 2014-15. The data has been analyzed by using tables and coefficient of correlation. The important point to be noted is that the decline of NPA is essential to improve profitability of banks. Advances provided by banks need to be done pre-sanctioning evaluation and post-disbursement control to constrain rising non-performing assets in the Indian Banking sector. Performance of both public and private sector banks is declining due to mismanagement of funds.

KEYWORDS: Non-Performing Assets, Gross Non-Performing Assets, Net Non-Performing Assets, Profitability and Mismanagement