

Sectoral Analysis of Non Performing Assets during Pre and Post Crisis Period in Selected Commercial Banks

Manvir Kaur,
Assistant Professor,
Mata Gujri College,
Sri Fatehgarh Sahib

Rohit Kumar,
Assistant Professor,
University College,
Ghanour.

Abstract

This paper examines the NPAs in Priority Sector, Non Priority Sector during pre and post crisis period and comparative study has been done between Public Sector Banks and Private Sector Banks. The study analysed that whether there is significant difference between NPAs of Public and Private Sector Banks during pre and post crisis period and analysed by using tools like growth rate and t-test were used for analysis of data. Investigation discovered that during pre-crisis period level of NPAs in priority sector was comparatively higher among public and private sector banks but both public and private sector banks registered negative growth rate during post crisis period.

Keywords: NPAs, Crisis, SSIs, Agriculture, Priority and Non Priority Sector.

Introduction

A developing country faces many difficulties like poverty, economic crisis, unemployment, lack of entrepreneurial skills etc. Rising level of NPAs in Indian banking sector during the post financial crisis is gaining attention in all the sections of country. Regulators, rating agencies and policy makers started scrutinising the reasons of NPAs and Reserve Bank of India started giving recommendations to banking institutions to take proactive steps to manage and capture the growth. In India, there is a great dependency on agriculture sector and at the same time agriculture is not profitable and the means of transport are very weak. There are regional and sectoral differences. There is also uneven distribution of wealth, and as such the banks are playing beneficial role in the economic life of each state by granting loans to different sectors. Lending to priority sector is primary obligation of all public sector banks although; private sector banks are lending their major portion to corporate sector. The present study has made an attempt to examine the trend of NPAs in the selected commercial banks (public sector banks and private sector banks) during the period from 2001-02 to 2013-14. As per guidelines of Reserve Bank of India, Priority sector advances are purely constituted to provide loans and advances to those sectors of economy which may not have got timely and adequate advances in absence of this special dispensation.

Sector-wise NPAs: Sector wise NPAs have been classified into three sectors i.e., priority sector, public sector and non-priority sector. In terms of revised guidelines on lending to priority sector, broad categories of advances under priority sector include agriculture, small

enterprises sector and others. Section-I carries NPAs in priority sector of public and private sector banks during Pre-Crisis Period (2001-02 to 2007-08) and Post Crisis Period (2008-09 to 2013-14) (Lokare, 2014). Section- II contains NPAs in non priority sector of public and private sector banks during Pre-Crisis Period (2001-02 to 2007-08) and Post Crisis Period (2008-09 to 2013-14) (Lokare, 2014).

The broad classification of priority sector for all scheduled commercial banks is given below:

Agriculture sector contains direct finance approved for short term, medium term and long term loans i.e. sanctioned for agriculture and allied activities linked to individual farmers, SHGs of individual farmers without limit and to others up to Rs. 20 lakhs for taking up agriculture and allied activities. An indirect finance to agriculture includes loans given for agriculture and allied activities (Uppal, 2009; Srinivas, 2013; Selvarajan & Vadivalagan, 2013).

Small scale industries: Direct finance to small scale industry includes all loans advanced to Small Scale Industrial units engaged in manufacturing, processing of goods and which invest in plant and machinery excluding land and building (Uppal, 2009; Selvarajan & Vadivalagan 2013).

Small business/service enterprises: Small business includes all types of small business units, retail trade, self-employed persons and professionals whereas service enterprises include water transport operators or other enterprises. Micro credit provision of credit and other financial services covers small portion of amounts not exceeding fifty thousand per borrower of rural areas, semi-urban areas and urban areas, either directly or through the groups to uplift their standard of living, which constitutes micro credit. Education loans include loans granted to individuals for educational purpose up to ten lakhs for studying in India and twenty lakhs for studying abroad (Uppal, 2009; Selvarajan & Vadivalagan 2013).

Other sectors: Other sectors includes home loans up to fifteen lakhs for construction to the individuals excluding loans sanctioned by banking institutions to their employees and loans sanctioned for repairs of the houses of individuals up to Rs. one lakhs in rural areas and semi-urban areas and up to two lakhs in urban areas (Uppal, 2009; Selvarajan & Vadivalagan 2013).

Non Priority Sector: Reserve Bank of India fixed substantial portion for lending by the banks to the non priority sector. RBI has taken initiative to promote these sectors by providing monetary support to this sector despite developing critical problem in the process for banks due to

level of NPAs (Uppal, 2009; Selvarajan & Vadivalagan 2013).

Public Sector: This sector covers loans advanced to all public departments like loans for up gradation of infrastructure, transport, telecommunication etc. This includes advances to the Central / State Government, Government Undertakings or public sector undertakings (Uppal, 2009; Selvarajan & Vadivalagan 2013; Santhana-krishnan, 2014).

Shajahan (1998), explored that NPAs reflected health of the banking system. NPAs of public sector banks were declined by almost one and half. According to the Reserve Bank of India, almost one and half of all NPAs of public sector banks were accounted for by the priority sector, due to legal obligation of banks that they have to sanction loan to priority sector. According to the survey of small borrower accounts piloted by RBI during the year 1993 and found that agriculture was the main occupation of small borrowers who had availed off loan under this facility and RBI had recommended that in case of advances granted for agricultural purpose, then banks should adopt agricultural season as the basis for treatment as NPAs.

Objectives of The Study

- a) To study trend of NPAs in Priority Sector among public and private sector banks.
- b) To study trend of NPAs in Non Priority Sector among public and private sector banks

Research Methodology

To achieve the objectives of present research, secondary data have been used. The trends of NPAs in the selected Commercial Banks have been analysed with growth rate variations in NPAs and same have been compared for the two time periods from 2001-02 to 2007-08 (Pre Crisis Period) and 2008-09 to 2013-14 (Post Crisis Period). Secondary data has been compiled from various reports of the RBI, Trend and Progress Report of Banking in India, Statistical tables relating to banks in India, annual reports of selected banks, Time frame for study is from 2001-02 to 2013-14. The sample consists of 10 banks each from public and private sector banks on the basis of size. The sample has been selected by applying quartile deviation and three banks chosen from upper quartile, four banks from middle quartile and three banks from lower quartile. The collected data have been analysed with the help of growth rate.

Review of Literature

Kumar (2008), examined the various aspects associated with NPAs and credit risk and credit rating of SSI. The study also analysed three aspects of SSI by taking different periods like NPAs and sickness of SSI scrutinized from

1950 to march 2007 and to examined the credit risk and credit rating, period was taken from 1992 to 2007 and investigated credit risk and credit rating from month april to march 2007. The cluster sample was used for data collection from 305 SSI and justified sample method was used for data collection from 27 public sector banks. The study found that credit rating did not have any direct link with the actual NPAs and sickness factors of SSI and credit rating was designed to meet the purpose of credit risk of lending of bank.

Goyal (2010), examined the NPAs of Indian public sector banks. The study was based on the secondary data which were collected from various sources of RBI like Trend and Progress Report of Banking in India, Currency and Finance Report etc. and period ranges from 2002-03 to 2008-09. It was also examined the trend of NPAs; sector wise NPAs etc. The data were analysed by using various statistical tools such as descriptive statistics, correlation, regression analysis, one-way ANOVA. The study observed that the public sector banks managed their assets proficiently and NPAs were increased in agriculture sector so banks should

pay more attention towards this sector while sanctioning loans.

Section-I

Bankwise Non Performing Assets in Priority Sector

Priority Sector: includes agriculture, micro and small enterprises, education loans, housing loans and others so advancing is significant part set by the Reserve Bank of India to the banks for providing a quantified portion of the bank loan to specific sectors. RBI has taken initiative to promote this sector by providing various financial assistance to this Sector but the level of NPAs in this sector develops the vital problem for banks. The study has been made for Pre-crisis and Post crisis period separately to judge the impact of crisis on the NPAs of public and private sector banks in the priority sector so to analyse public sector banks wise trend of NPAs in priority sector as shown in Table 1.1 and private sector banks wise trend of NPAs in priority sector as shown in Table 1.2. To accomplish the purpose growth has been calculated in table 1.1 and table 1.2 as follows:

Table 1.1
Public Sector Banks wise NPAs in Total Priority Sector (in per cent)

Sr. No.	Year/Bank	SBI	BOB	PNB	CBI	IOB	SB	AB	VB	SBOP	SBOT
Pre Crisis Period											
1	2001-02	44.44	44.72	41.04	48.68	41.26	52.37	37.63	57.59	40.32	34.80
2	2002-03	44.83	40.76	41.75	50.63	38.27	52.43	38.65	51.87	44.23	53.36
3	2003-04	46.55	42.81	40.96	53.06	39.18	49.85	41.98	67.49	41.44	44.32
4	2004-05	48.70	39.79	42.38	55.78	45.06	50.69	53.87	58.27	46.49	41.97
5	2005-06	48.12	43.66	46.53	60.48	46.50	52.28	60.24	49.53	56.81	40.81
6	2006-07	57.51	50.83	57.66	59.52	52.41	55.28	62.74	60.09	72.61	43.70
7	2007-08	58.86	66.32	74.07	62.16	62.70	67.69	71.29	73.93	70.03	50.10
Growth Rate		5.03	6.04	9.51	4.33	7.61	3.35	12.29	2.65	11.16	2.20
t value		5.46*	2.29*	3.89*	10.24*	4.71*	2.10*	10.68*	.99	5.64*	.80
Post Crisis Period											
8	2008-09	60.12	65.88	83.20	70.28	82.10	60.23	71.78	78.16	67.25	55.96
9	2009-10	46.4	49.2	88.00	68.4	42.7	50.3	62.3	69.5	58.6	70.0
10	2010-11	50.9	65.8	76.9	67.5	34.6	54.4	58.4	39.6	54.0	41.1
11	2011-12	57.5	63.2	62.4	55.6	49.7	60.6	73.9	31.1	54.8	39.2
12	2012-13	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
13	2013-14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Growth Rate		-.04	1.67	-9.49	-6.91	-15.76	.97	.22	-28.30	-6.72	-14.78
t value		.06	.21	2.33*	2.40*	1.06	.20	.03	5.77*	2.86*	1.63
Overall growth rate		2.21	5.11	8.17	2.82	2.09	1.37	6.52	-2.76	4.00	1.56
Overall t - Value		2.40*	3.96*	4.83*	3.39*	.87	1.60	4.83*	1.07	2.41*	.81

*Value significant at 5% level

(Source:Trend and Progress Report of Banking in India)

*Note: NA means data during 2012-13 and 2013-14 were not available.

Table 1.1 depicts bank wise NPAs in priority sector from 2001-02 to 2013-14. It has been observed that during pre-crisis period highest NPAs were recorded by AB which traced growth rate of 17.39 per cent although lowest growth rate has been traced by SBOT i.e. 2.20 per cent.

On the other hand, it has been studied that during post crisis period all banks enumerated negative growth rate except BOB, SB and AB (1.67, .97, .22 per cent) which shows increasing trend of NPAs. This signifies the significant influence of crisis was seen only in BOB, SB and AB

among all public sector banks where the NPAs of all banks were higher during the pre-crisis period but in post crisis period it was decreased at higher rate and registered a negative growth rate specially VB monitored with high negative growth rate i.e. 28.30 per cent. This denotes that impact of crisis was seen only during the year 2008-09 in all public sector banks

The difference in the average during pre-crisis period found statistically significant in sampled banks like SBI as evidenced by calculated t value ($t=5.46$), BOB ($t=2.29$), PNB ($t=3.89$), CBI ($t=10.24$), IOB ($t=4.71$), SB ($t=2.10$),

AB ($t=10.68$), SBOP ($t=5.64$) on the other hand, during the post crisis period the average difference found statistically significant in PNB ($t=2.33$), CBI ($t=2.40$), VB ($t=5.77$), SBOP ($t=2.86$) but the overall growth rate of all public sector banks have shown increasing trend of NPAs except VB registered negative growth rate with 3.78 per cent and shows decreasing trend of NPAs. The average is statistically significant in SBI ($t=2.40$), BOB ($t=3.96$), PNB ($t=4.83$), CBI ($t=3.29$), AB ($t=4.83$) as well as SBOP ($t=2.41$). The highest impact of crisis was seen in BOB among all public sector banks.

Table 1.2
Private Sector Banks wise NPAs in Total Priority Sector (in per cent)

Sr. No.	Year/Bank	DCB	RB	CSB	SIB	FB	J & K	IB	HDFC	ICICI	KVB
Pre Crisis Period											
1	2001-02	48.30	47.48	48.59	34.21	31.98	51.86	20.33	9.73	25.73	28.88
2	2002-03	47.05	33.81	50.90	45.13	38.38	58.08	-	12.72	5.82	33.48
3	2003-04	43.54	49.10	47.94	29.38	44.04	47.59	16.20	11.94	6.85	32.56
4	2004-05	37.07	51.17	51.24	64.67	42.60	38.54	30.99	7.59	5.88	36.54
5	2005-06	20.24	44.88	52.49	50.12	40.99	55.25	29.32	4.48	4.91	39.50
6	2006-07	23.33	66.88	50.70	36.17	48.50	46.37	55.09	37.08	4.24	36.42
7	2007-08	44.20	66.90	71.63	46.33	60.74	43.76	24.34	25.80	23.84	38.84
Growth Rate		-8.32	8.57	4.55	3.64	8.64	-2.85	167.70	15.70	-4.17	4.56
t value		1.39	2.52*	2.19*	.67	4.62*	1.10	1.12	1.09	.27	4.03*
Post Crisis Period											
8	2008-09	17.66	62.39	60.58	82.35	68.73	44.73	16.22	21.51	17.96	35.19
9	2009-10	13.1	77.7	56.8	39.6	47.7	41.6	38.7	19.1	15.1	30.20
10	2010-11	0.8	20.8	15.7	23.0	43.4	43.2	3.0	0.8	6.4	3.40
11	2011-12	21.2	90.9	30.3	36.1	39.6	60.2	40.1	29.1	18.4	32.90
12	2012-13	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
13	2013-14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Growth Rate		-20.12	-1.87	-28.56	-26.04	-16.04	9.73	1.59	-20.27	-7.55	-21.22
t value		.27	.05	1.33	1.54	3.70*	1.42	.02	.24	.29	.39
Overall growth rate		-20.12	3.21	-5.23	-1.01	2.90	-7.70	51.59	-3.1	4.54	-7.70
Overall t - Value		2.47*	.79	1.43	.28	1.50	.49	1.17	.02	.66	1.22
*Value significant at 5% level											

(Source: Trend and Progress Report of Banking in India)

*Note: NA depicts data during 2012-13 and 2013-14 were not available.

Table 4.16 shows the bank wise NPAs in the other sectors for the period ranging from 2001-02 to 2013-14. It has been observed that during pre-crisis period highest NPAs were recorded by IB with growth rate of 167.27 per cent. DCB which followed negative growth rate of 8.32 per cent. Whereas, J&K and ICICI registered negative growth rate of 2.85 per cent and 4.17 per cent and shows decreasing trend of NPAs.

On the other hand, it has been explored that during the post crisis period all banks recorded negative growth rate except J&K and IB have been traced with 9.73, 1.59 per cent. This denotes the significant impact of crisis was seen in J&K and IB banks among all private sector banks where the NPAs of these banks were comparatively higher during the

post crisis period although other banks have shown decreasing trend of NPAs.

The difference in the average during pre-crisis period found statistically significant in all bank on the other hand, during the post crisis period the average difference found statistically significant in RB ($t=2.52$) CSB ($t=2.19$), FB ($t=4.62$) and KVB ($t=4.03$) but the overall growth of NPAs has found higher in IB with 51.59 per cent and FB registered growth rate of 2.70 per cent so the impact of crisis was seen in few private sector banks and the overall average found statistically significant in DCB ($t=2.47$) however, comparatively highest impact of crisis was seen in IB and FB among all private sector banks.

Above investigation discovered that during the pre-crisis period the level of NPAs in priority sector was comparatively higher among public and private sector banks but both public and private sector banks registered negative growth rate during post crisis period. Consequences of the study verified that crisis didn't affect the banking sector and NPAs were decreased during the post crisis period. But effect of crisis remains during the year 2008 to 2010-11 and 2011-12 onward NPAs were continuously showing decreasing trend so it depicts that banking institutions are trying to control the level of NPAs. The overall growth rate of NPAs in priority sector has been higher in private sector banks as compare to public sector banks. IB and FB has been exposed high level of NPAs among all private sector banks and in public sector banks, BOB was most affected by NPAs.

Section-II

Bankwise Non Performing Assets in Non Priority Sector

Non Priority Sector: includes other than priority sector so loan is substantial part set by the Reserve Bank of India to the banks for providing a quantified portion of the bank lending to few specific sectors. RBI has taken initiative to promote these sectors by providing various monetary supports to these sectors but the level of NPAs in these sectors develops the critical problem for banks. The study has been made for pre-crisis and post crisis period distinctly to measure the effect of crisis on the NPAs of public and private sector banks in the non-priority sector so to analyse public sector banks wise trend of NPAs in non-priority sector shown in Table 1.3 and private sector banks wise trend of NPAs in non-priority sector shown in Table 1.4. To achieve the purpose growth has been calculated as below in table 1.3 and table 1.4.

Table 1.3
Public Sector Banks wise NPAs in Non-Priority Sectors (in per cent)

Sr. No.	Year/Bank	SBI	BOB	PNB	CBI	IOB	SB	AB	VB	SBOP	SBOT
Pre Crisis Period											
1	2001-02	48.51	55.28	57.61	50.50	52.23	46.50	56.90	42.41	56.10	62.85
2	2002-03	51.90	58.40	56.82	48.63	56.11	42.81	58.66	48.06	50.88	45.76
3	2003-04	50.57	57.19	58.32	43.15	54.90	40.49	57.61	32.48	54.42	52.68
4	2004-05	50.38	60.12	56.23	43.54	53.59	46.20	44.82	41.30	45.54	57.72
5	2005-06	51.11	55.29	52.42	39.03	52.10	44.96	38.61	49.48	39.24	53.32
6	2006-07	42.16	49.17	41.25	40.24	46.22	42.64	34.52	38.16	20.93	53.11
7	2007-08	39.63	31.28	23.25	37.44	35.19	32.31	27.73	24.19	29.97	46.68
Growth Rate		-3.54	-7.17	-11.65	-4.79	-5.63	-3.49	-12.11	-5.97	-13.26	-2.05
t value		2.40*	2.23*	2.93*	7.26*	2.69*	1.72	7.31*	1.41	3.59*	.98
Post Crisis Period											
8	2008-09	39.15	33.56	15.21	29.69	15.14	39.66	28.17	21.15	32.75	43.47
9	2009-10	52.5	50.7	12.00	29.1	55.7	48.0	36.1	30.5	41.4	29.4
10	2010-11	47.8	30.4	23.0	32.2	65.3	45.0	31.9	58.7	46.0	57.9
11	2011-12	42.5	36.8	37.4	44.4	50.3	39.4	26.1	68.9	45.2	60.8
12	2012-13	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
13	2013-14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Growth Rate		1.53	-2.32	39.79	13.97	45.65	-.83	-3.46	52.16	11.31	18.34
t value		.21	.19	2.45*	2.40*	1.48	.15	.47	6.53*	2.69*	1.21
Overall growth rate		-1.47	-5.94	-11.90	-3.81	-2.21	-.68	-7.85	.89	-2.89	-1.51
Overall t - Value		1.47	3.44*	3.17*	2.83*	.56	.62	5.94*	.24	1.05	.72

*Value significant at 5% level

(Source: Trend and Progress Report of Banking in India)

*Note: NA means data during 2012-13 and 2013-14 were not available.

Table 1.3 reveals about the bank wise NPAs in non-priority sector for the period ranging from 2001-02 to 2013-14. It has been observed that during the pre-crisis period all

banks registered negative growth rate and highly negative NPAs were recorded by SBOP which traced growth rate of 13.26 per cent although lowest negative growth rate has

been traced by SBOT i.e. 2.05 per cent which shows decreasing trend of NPAs during the pre-crisis period.

On the other hand, it has been considered that during the post crisis period three banks recorded negative growth rate BOB, SB and AB (2.32, .83, and 3.46 per cent) which shows decreasing trend of NPAs. Results indicates that impact of crisis was seen in seven public sector banks where the NPAs of all banks were lower during the pre-crisis period but in post crisis period it was increased comparatively. VB registered with growth rate of 52.16 per cent and IOB with 45.65 per cent

The difference in the average during pre-crisis period

found statistically significant in sampled banks like SBI as evidenced by calculated t value ($t=2.40$), BOB ($t=2.23$), PNB ($t=2.93$), CBI ($t=7.26$), IOB ($t=2.69$), AB ($t=7.31$), SBOP ($t=3.39$) on the other hand, during the post crisis period the average difference found statistically significant in PNB ($t=2.45$), CBI ($t=2.40$), VB ($t=6.53$), but the overall growth rate of all public sector banks registered negative growth rate in BOB with 3.44 per cent and PNB with 3.77 per cent but VB has shown increasing trend of NPAs with 0.89 per cent growth rate so the impact of crisis was seen in few public sector banks and the average found statistically significant in SBI ($t=2.40$), BOB ($t=3.96$), PNB ($t=4.83$), CBI ($t=2.83$), AB ($t=5.94$).

Table 1.4
Private Sector Banks wise NPAs in Total Non-Priority Sector (in per cent)

Sr. No.	Year/Bank	DCB	RB	CSB	SIB	FB	J & K	IB	HDFC	ICICI	KVB
Pre Crisis Period											
1	2001-02	51.70	52.52	51.41	65.79	66.49	48.14	79.67	90.27	74.27	71.12
2	2002-03	52.95	66.19	49.10	54.87	60.32	41.92	84.32	87.28	93.74	66.52
3	2003-04	56.46	50.90	52.06	70.62	54.40	52.41	83.80	88.06	91.44	-
4	2004-05	62.93	48.83	48.76	35.33	56.02	61.46	69.01	92.41	91.94	63.46
5	2005-06	79.76	55.12	47.51	49.88	57.79	44.75	70.68	95.52	93.86	60.50
6	2006-07	75.79	33.12	49.30	63.83	51.50	53.63	44.91	62.92	95.76	63.58
7	2007-08	53.90	33.10	28.37	53.67	39.26	56.24	75.66	74.20	76.16	61.16
Growth Rate		4.33	-9.16	-6.44	-2.31	-6.34	2.90	-5.50	-4.06	.51	57.78
t value		1.34	2.93*	2.03*	.50	3.68*	1.17	1.51	1.68	.23	.44
Post Crisis Period											
8	2008-09	82.34	37.61	39.42	17.65	31.27	55.27	83.78	78.49	82.04	64.69
9	2009-10	86.9	22.3	43.2	60.4	52.3	58.4	61.3	80.9	84.9	69.8
10	2010-11	78.8	35.0	58.3	58.3	46.4	38.2	67.0	77.9	79.0	71.0
11	2011-12	78.8	9.1	69.7	63.9	60.4	39.8	59.9	70.9	81.6	67.1
12	2012-13	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
13	2013-14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Growth Rate		-2.27	-31.65	22.25	46.58	20.38	-13.34	-8.76	-3.37	-.87	1.27
t value		1.17	1.61	7.42*	1.86	2.25*	2.10*	1.72	1.74	.59	.60
Overall growth rate		4.78	-12.60	.64	-1.52	-2.86	-.88	-2.53	-2.24	-.79	44.36
Overall t - Value		3.56*	4.14*	.28	.38	1.48	.55	1.50	2.21*	.90	.94

*Value significant at 5% level

(Source: Trend and Progress Report of Banking in India)

*Note: NA depicts data during 2012-13 and 2013-14 were not available.

Table 1.4 exposes the bank wise NPAs in non-priority sector for the period ranging from 2001-02 to 2013-14. It has been detected that during pre-crisis period highest NPAs were recorded by KVB which followed growth rate of 57.78 per cent and DCB, J&K, ICICI registered growth rate of 4.33, 2.90 and 0.51 per cent.

On the other hand, it has been discovered that during the post crisis period all banks logged negative growth rate except CSB, SIB and IB has been traced with 22.25, 46.58 per cent, and 20.38 per cent which shows decreasing trend

of NPAs. Results denotes that significant impact of crisis was seen in private sector banks where the NPAs of all banks were comparatively higher during the pre-crisis period but in post crisis period it was decreased and registered a negative growth rate specially, RB monitored with negative growth rate i.e. 31.65 per cent. Study denotes that impact of crisis was seen only during the year 2008-09 in all private sector banks

The difference in the average during pre-crisis period found statistically significant in RB ($t=2.93$) CSB ($t=2.03$),

FB ($t=3.68$) on the other hand, during the post crisis period the average difference found statistically significant in CSB ($t=7.42$), FB ($t=2.25$), J&K ($t=2.10$). but the overall growth of NPAs is found negatively higher in all banks except DCB having 4.78 per cent, CSB with .64 per cent and KVB with 44.36 per cent so the impact of crisis was seen in DCB, CSB and KVB which shows increasing trend of NPAs and the overall average found statistically significant in DCB ($t=3.14$), RB ($t=4.14$) and HDFC ($t=2.21$).

Above investigation discovered that during the pre-crisis period the level of NPAs in non-priority sector was comparatively decreasing among public sector banks but private sector banks it was comparatively shown increasing trend. Consequences of the study verified that crisis effect the banking sector at a large extent during 2008-09 and NPAs were increased at higher rate during post crisis period. Results indicates that impact of crisis was seen in Seven public sector banks where the NPAs of all banks were lower during the pre-crisis period but in post crisis period it was increased comparatively. VB registered with growth rate of 52.16 per cent and IOB with 45.65 per cent. The overall growth rate of NPAs in non-priority sector is higher in private sector banks as compared to public sector banks. CSB, SIB and IB have been exposed with high level of NPAs among all private sector banks and in public sector banks, VB and IOB was more affected by NPAs.

Findings of The Study

Priority Sector: In public sector banks, it has been observed that during pre-crisis period highest NPAs were recorded by AB which traced growth rate of 17.39 per cent although lowest growth rate has been traced by SBOT i.e. 2.20 per cent. On the other hand, it has been studied that during the post crisis period all banks enumerated negative growth rate except BOB, SB and AB (1.67, .97, .22 per cent) and VB monitored with negative growth rate i.e. 28.30 per cent. So during the post crisis period NPAs were controlled.

In private sector banks, it has been observed that during pre-crisis period highest NPAs were recorded by IB which followed with growth rate of 167.70 per cent On the other hand, it has been explored that during the post crisis period all banks recorded negative growth rate except J&K and IB has been traced with 9.73, 1.59 per cent which shows that level of NPAs has been higher in these banks.

Non Priority Sector: In public sector banks, it has been observed that during the pre-crisis period all banks registered negative growth rate and highest negative NPAs were recorded by SBOP which traced growth rate of 13.26 per cent although lowest negative growth rate has been

traced by SBOT i.e. 2.05 per cent. So it shows that NPAs were decreasing during the pre-crisis period. On the other hand, it has been considered that during the post crisis period three banks recorded negative growth rate i.e. BOB, SB and AB (2.32, 0.83, and 3.46 per cent) but in rest of banks highest NPAs were traced in VB i.e. 52.16 per cent.

In private sector banks, it has been detected that during pre-crisis period highest NPAs were recorded by KVB which followed growth rate of 57.78 per cent. On the other hand, it has been discovered that during the post crisis period all banks logged negative growth rate except CSB, SIB and IB which has been traced with 22.25 per cent, 46.58 per cent, and 20.38 per cent followed with high rate of NPAs.

Conclusion:

Investigation discovered that during pre-crisis period level of NPAs in priority sector was comparatively higher among public and private sector banks but both public and private sector banks registered negative growth rate during post crisis period. Consequences of the study verified that crisis didn't affect the banking sector and NPAs were decreased during the post crisis period. The overall growth rate of NPAs in priority sector has been higher in private sector banks as compare to public sector banks. IB and FB has been exposed high level of NPAs among all private sector banks and in public sector banks, BOB was more affected by NPAs.

Analysis discovered that during pre-crisis period level of NPAs in non-priority sector was comparatively decreasing among public sector banks but private sector Banks was comparatively shown increasing trend. Consequences of the study verified that crisis effect the banking sector at a large extent and NPAs were increased at higher rate during post crisis period. Results indicates that impact of crisis was seen in seven public sector banks where the NPAs of all banks were lower during the pre-crisis period but in post crisis period it was increased comparatively. VB registered with growth rate of 52.16 per cent and IOB with 45.65 per cent.

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