

## ANALYSIS OF PERFORMING AND NON- PERFORMING ASSETS OF INDIAN BANKS OPERATING 2011-2018

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### ABSTRACT

**Background:** *The country's economy is directly linked to the financial system. This depends mainly on performance of banking sectors in that particular country. In India, the banking industry has been categorized into- a) Public sector banks (b) Private sector banks. Hence, it is very important to analyze the services of both public and private sector banks to know the financial situation of a particular country.*

**Objective:** *In this paper, an effort has been produced to know the economic condition in India with a comparison of performing and non-performing assets among the two major Public sector banks, such as State bank of India (SBI) and Punjab national bank (PNB) and two major Private sector banks, such as Industrial Credit and Investment Corporation of India (ICICI) and AXIS bank, for operating period 2011-2018.*

**Method:** *The financial ratio analysis (FRA) method has been used to draw an overview about financial performance (profitability, liquidity and credit performance) among these banks. The secondary data has been used for this study and this is collected from the annual financial reports of respective banks for the period 2011-12 to 2017-18. We employ a parametric technique (One-way ANOVA) to evaluate their financial performance.*

**Result:** *We observed that, there are significant changes in terms of performing assets (such as credit deposit ratio, interest income to total income, other income to total income, Net profit margin, total assets turnover, dividend pay-out ratio, and debt-equity ratio) and Non- Performing assets (such as Gross NPAs / Gross advances ratio, Gross NPAs/ Total assets ratio; Net NPAs/Net advances ratio and Net NPAs/ Total assets ratio, Total provision ratio, Shareholder's risk ratio) in the performance of public sector bank as compare to private sector bank. In addition to, the average no. of borrowers (of total assets) is significantly lower in PNB bank, ICICI bank, and AXIS bank as compare to SBI bank and this is comparable among PNB, ICICI, and AXIS bank. However, the amount outstanding and the provision thereon (of total assets) is significantly higher in PNB bank as compare to SBI bank, ICICI bank, and AXIS bank and this is also comparable among SBI bank, ICICI bank, and AXIS bank.*

**Conclusion:** *Based on the findings, the study reveals that the public sector banks (particularly SBI bank) are able to gain the faith of its clients and more preferable for loans and advances as compare to private sector bank. But in case of dividend pay-out ratio, debt- equity ratio and Interest expended to interest earned, private sector bank (particularly ICICI bank) is sounder than public sector bank. With the help of this present study, customer can get useful insight to expend their money among these banks. This study finding can be helpful to improve the banking situation (public and private sector bank) in India.*

**Keywords:** Public sector banks, Private sector bank, Indian bank, Financial performance.

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