ABSTRACT

INTRODUCTION

Banking sector is an important constituent of financial sector of any country. In fact, it is the backbone of a nation’s economic system, because it channelizes savings of masses to productive activity. It also provides the required credit for various development project of the government and also controls the flow of credit through credit creation mechanism. Only a strong and financially viable banking system can be a strong foundation of development of a country. Therefore it is in the interest of economy and country that this system is managed and developed on sound line to make it responsive to needs of Indian economy. This study will help banks to know their weak and strong points and to redesign their strategies to maintain and improve their assets quality which is the need of the hour.

OBJECTIVES OF STUDY

1. To study trends in composition of assets in selected banks.
2. To conduct loans quality review in selected public sector and private sector banks.
3. To examine the quality of investment portfolio in selected banks.
4. To study the impact of asset quality on profitability of selected banks

RESEARCH METHODOLOGY:

Four private sector banks and four public sector banks have been selected on the basis of three years average of gross NPAs. Two banks with highest average ratio and two with lowest average ratio have been selected from private and public sector banks as a sample for this study. Selected Private Sector banks are Yes Bank, Ratnakar Bank, Catholic Syrian Bank and Dhanlaxmi Bank and selected Public Sector Banks are Vijaya Bank, Syndicate Bank, Indian Overseas Bank and United Bank of India.