CHAPTER V

ANALYSIS AND INTERPRETATION OF DATA

5.1 INTRODUCTION

Since India secured independence, sea change has taken place and Banking concepts have undergone several improvements over years. When large and mass retirements are taking place in the Banking industry and younger generation is occupying key positions, it may be interesting to travel through the development of the Banking industry.

Public Sector Banks have played many vital roles in the overall economic development since independence and it has been more profound after the concept of public sector was put in place. In general, the overall standard of living has improved very much.\(^1\) The Indian economy witnessed growth in core business or industrial sectors, as the infrastructure, telecom, steel, transportation, housing, real estate, textile exports, food processing etc. received quite a substantial boost and support from the Banking system, resulting in business development with multiplier effects. As Banking is channel for payment and settlement, innovative settlement mechanisms were introduced. In addition establishment of Banking Ombudsman, Banking Codes and Standards Boards of India, Securitisation Act, Assets Reconstruction Companies, Risk rating, Credit Information Board, etc. have provided a good supportive mechanism to improve the efficiency of the Banking operation.

5.2 MANAGEMENT OF NON-PERFORMING ASSETS BY INDIAN BANKS

Though significant progress has been made in NPA management, much still need to be done in areas such as credit risk management, identification and correction of NPA problem in time bound manner\(^2\). The Banks could also introduce some of the practices followed internationally for NPA resolution, which may be relevant in the Indian conditions. The recommendations made in the forgoing if implemented, should go a long way in bringing about an effective improvement in handling of NPA and consequent up gradation of the assets quality.

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\(^1\) Raghvan R.S(2010), “Banking in India Since Independence – A Brief History”, The Indian Banker, Vol. V, No-08,

5.3 IMPACT OF DRTs ON RECOVERY OF NPAs

The recovery of debts due to Banks and Financial Institution Act, 1993, came in force on June 1993. The Act provides for ‘the establishment of tribunals for expeditious adjudication and recovery of debts due to Bank and financial institutions and for matters connected therewith or incidental thereto.’ The main objective of the Act is to provide for a discussion to judge the claims due to Banks and other financial institutions and to facilitate the recovery of the same without undergoing unnecessary hardship caused by lengthy civil litigations. As suggested by the Tiwari Committee, the Act provided for the setting up of Special Tribunals for the recovery of the dues of the Banks and financial institutions by following a summary procedure. The Act provides a procedure that is separate from the existing Code of Civil procedure in order to ensure speedy settlement. The Act was amended in 2000.

Increasing NPAs have direct impact on Banks profitability as legally Banks are not allowed to book income on such accounts and at the same time banks are forced to make provision on such assets as per RBI guidelines.

5.4 CREDIT MONITORING IN BANKS EFFECTIVE STRATEGIES

The quality of loan assets is the most important factor for the basic viability of the Banking system. Hence, management of assets quality has emerged as one of the major challenges facing Banks. High level of NPA not only affects Critical Performance Area of the Banking sector but also raises corporate governance issues where every stakeholder is keen to know the reasons of the same. The over dues of Banks advances in India are mounting and consequences NPA are on the rise imposing on the Banks viability. This not only eats into profitability but also hampers their ability to recycle bank fund for productive purposes. The trend needs to reversed or at least kept under check as the position is being watched by external world including International Investors, Rating Agencies, Corresponding Banks, and International Development Agencies etc.

The very objective of credit monitoring is to ensure that the quality of assets remains performing, earning and must have good conduct and health. While credit growth is needed for survival, it is imperative to ensure that the credit growth does not result in NPAs later.

Therefore, Banks have to resort to effective credit monitoring on continuous basis. When an advances is granted to a customer, Banker is required to ensure that it remain standard asset.

Assets quality continues to be the biggest challenges before the Banking sector. One of the major restrictions of the economical efficiency of Banks is the tendency to accumulate poor quality of assets. Although asset management quality is a balance sheet issue of individual Banks and Financial Institutions, it has wider macro economic implications. It is important that, if credit monitoring mechanism is not strengthened, these assets would be realised at the end. Despite the fact that credit dispensation process may be good, total elimination of NPAs is not possible in Banking business owing to externalities but their incidence can be minimised through effective credit monitoring. Therefore, continuous improvement in assets quality on sustainable basis through well structured and effective credit monitoring has to be practiced as Mantra in a missionary zeal in order to survive global competition.

5.5 NON-PERFORMING ASSETS IN EDUCATION LOAN

For the first time, Banks in India introduced a scheme for education loan in 1992 for allowing right of entry to education for everyone who wants it. But the education loan scheme became popular when the Government of India in consultation with Reserve Bank of India and Indian Bank’s Association came out with a comprehensive education loan scheme in 2001 to ensure that no deserving student in the country is deprived of higher education for want of funds. In other words, the scheme is expected to help commendable students pursuing higher education in technical and professional courses. A Model Educational Loan Scheme which was advised to Banks for implementation by the RBI along with certain modifications suggested by the Government of India.

Education loan is a socially and economically relevant scheme from the Indian Banking Industry point of view. Rightly, the RBI has included education loans as part of the Priority sector lending of Banks. The scheme aims at providing a need – based finance to the praiseworthy students for taking up higher education. But the level of NPAs in education loan is now high and increasing. Consequently, Banks are slowly developing an element of uncertainty to provide education loan further. Since the scheme is in the large interest of the student’s community, our efforts need to be reinforced to make it economically viable. For

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5 Union Budget 2010-11, Ministry of Finance, Government of India
this purpose, Banks have to develop a healthy credit monitoring system by keeping in touch with the students’ borrower periodically by sending reminders, paying visit to the residence of the students’ borrower and taking a strict action against determined defaulters. Debt restructuring may also be considered in deserving cases by rescheduling loan instalments as per the salary package offered after completing course. More importantly, Banks have to show a lot of concern to loan defaults in education loan by adopting a professional approach in loan recovery. Above all, timely counselling to the students and the joint borrowers would help to strengthen Banker – Borrower relationship and create a positive climate for loan recovery.

5.6 ANALYSIS OF TOTAL ADVANCES OF SELECTED BANKS

Therefore it becomes easy to understand the entire number positions of different Banks and comment made thereon, Bank to Bank basis.

5.6.1 Allahabad Bank

The average advances of Allahabad Bank was observed at Rs.24542.21 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 21330.52 crore and 86.91%.

This figures when they are compared with Bank of Baroda, Bank of India, Canara Bank, Punjab National Bank and Union Bank of India, there is substantial increase in average advances by above 82% to 100% and yet its corresponding C.V remains with very small percentage variation which ranged between 72.68% to 82.49%. However, comparison between Allahabad Bank and UCO Bank shows more or less identical average advances vis-à-vis. identical C.V correspondingly.

5.6.2 Bank of Baroda

The average advances of Bank of Baroda was observed at Rs 58738.03 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 48455.035 crore and 82.493%.

Bank of Baroda shows average advances and its C.V comparable with Canara Bank, Punjab National Bank and Bank of India with more or less identical C.V ranging between 72.68% to

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82.49%. However, the same Bank of Baroda has glaring deviation of more than 100% in average advances with Allahabad Bank, Dena Bank, Indian Bank, Indian Overseas Bank, Syndicate Bank, and UCO Bank and yet its C.V at 82.49% does not show corresponding glaring deviation within stated Bank whose C.V ranges between 86.91% to 70.25%

5.6.3 Bank of India

The average advances of Bank of India was observed at Rs.62991.21 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 45785.89 crore and 72.68%.

Bank of India like Bank of Baroda has comparable average advances of Rs. 62991.21 crore which is very close to Bank of Baroda, Canara Bank and Punjab National Bank whereas the same is varying substantially over 100% when compared with Allahabad Bank, Dena Bank, Indian Bank, Indian Overseas Bank, Syndicate Bank and UCO Bank. However, C.V of within stated Bank which ranges between 86.91% to 70.25%.

5.6.4 Canara Bank

The average advances of Canara Bank was observed at Rs.62254.93 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 47643.76 crore and 76.53%.

Like Bank of Baroda and Bank of India, Canara Bank also has Rs. 62254.93 crore of average advances and 76.53% of C.V which is well comparable with Bank of Baroda, Bank of India, and Punjab National Bank. However, it has glaring deviation of over 100% when compared with any of the remaining Banks. However, in spite of glaring deviation in an average advances, the range of C.V remains 72.68% to 86.98%.

5.6.5 Dena Bank

The average advances of Dena Bank was observed at Rs.13271.86 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 9324.20 crore and 70.26%.

This is the only Bank which has lowest number of average advances at Rs. 13271.86 crore which is not comparable with any other Banks fall between Rs.21000 crore to Rs. 65000 crore. However, Dena Bank C.V at 70.25% is closely comparable with Bank of India at
72.68% and Canara Bank at 76.53% whereas the rest of Banks have C.V ranging between 81% to 86%.

5.6.6 Indian Bank

The average advances of Indian Bank was observed at Rs.21171.43 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 17375.55 crore and 82.07%. Like Dena Bank, this Bank also has low number in average advances at Rs.21171.43 crore which is comparable at least with Allahabad Bank and UCO Bank whereas rest of the Banks have more than 100% increase in average advances. However, C.V of Indian Bank at 82.07% remains closely comparable with almost all Banks ranging between 81% to 86% except Bank of India at 72% and Dena Bank at 70%.

5.6.7 Indian Overseas Bank

The average advances of Indian Overseas Bank was observed at Rs.30266.86 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 24567.257 crore and 81.17%.

In Indian Overseas Bank average advances at Rs. 30266.86 crore are comparable with Syndicate Bank and UCO Bank. However, remaining Banks have substantial variation in average advances numbers. However, its C.V at 81.17% is well comparable with the range of other Bank between 81% to 86% except Dena Bank, Canara Bank and Bank of India.

5.6.8 Punjab National Bank

The average advances of Punjab National Bank was observed at Rs.64986.07 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 53096.471 crore and 81.70%.

This is the Bank which has average advances at Rs. 64986.07 crore which is highest in the pack and is comparable only with Canara Bank and Bank of India as rest of other Banks have more than 100% deviation in lower number of average advances. However, C.V of Punjab National Bank at 81.70% is well comparable with the range of C.V between 81% to 86% of the most of Banks except Dena Bank and Bank of India.
5.6.9 Syndicate Bank

The average advances of Syndicate Bank was observed at Rs.32074.64 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 27545.537 crore and 85.88%.

In case of Syndicate Bank average advances at Rs.32074.64 crore is comparable with only Indian Overseas Bank as rest of the Banks has substantial quantum variation in average advances. However, C.V of Syndicate Bank at 85.88% remains well comparable with upper band of the range between 81% to 86% of the rest of the Banks except Dena Bank and Bank of India.

5.6.10 Union Bank of India

The average advances of Union Bank of India was observed at Rs.41612.79 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 33755.552 crore and 81.12%.

Union Bank of India’s average advances at Rs.41612.79 crore is not comparable or even close to any other Bank average advances which is ranging between Rs. 21000 crore to Rs. 63000 crore. However, C.V of Union Bank of India at 81.12% is well comparable with all other Banks having range between 81% to 86% except Dena Bank and Bank of India.

5.6.11 UCO Bank

The average advances of UCO Bank was observed at Rs.28664.29 crore while the standard deviation (S.D) and coefficient variation (C.V) for total advances were observed at Rs. 24685.137 crore and 86.12%.

UCO Bank has average advances at Rs.28664.29 crore which is comparable with Allahabad Bank and Indian Overseas Bank. However, remaining Bank’s have large deviation of average advances numbers. Still C.V of UCO Bank at 86.12% is at top of range between 81% to 86% of C.V of rest of the Banks except Dena Bank and Bank of India.

5.6. A INTERPRETATION OF TOTAL ADVANCES OF SELECTED BANKS

First being Allahabad Bank, it shows C.V of 86.91% against average advances of Rs. 24542.21 crore whereas in case of Bank of Baroda, Bank of India, Canara Bank, Punjab National Bank have more than double average advances when compared with Allahabad
Bank and yet its C.V is 82.49% for Bank of Baroda, 72.68% for Bank of India, 76.53% for Canara Bank and 81.70% for Punjab National Bank. Further UCO Bank at average advances of Rs. 28664.29 crore shows C.V of 86.11% which is very closely comparable with Allahabad Bank. This means that even more than 100% difference in quantum of average advances do not proportionately show that glaring variation in C.V of respective Bank. Therefore, based on average advances and corresponding C.V of advances as enumerate above shows that Punjab National Bank at Rs. 64986.07 crore of average advances and having 81.70% C.V is better followed by Bank of Baroda, Bank of India and Canara Bank.

Data of 14 years in respect of growth in advances of Punjab National Bank year to year basis is modest, more consistent and without drastic variation when it is compared with rest of other 10 Banks. This is the only Bank which has registered modest growth in the range of 15% at lower rate and upper end is 29.46%. whereas in each rest of the Banks, year to year basis variation range up to 100% or sometimes even more than that. Hence, Punjab National Bank can be judge as better Bank in respect of growth, pattern in its advances portfolio for last 14 years.

5.7 ANALYSIS OF GROSS NON–PERFORMING ASSETS OF SELECTED BANKS

Therefore it becomes easy to understand the entire number positions of different Banks and comment made thereon, Bank to Bank basis.

5.7.1 Allahabad Bank

The Allahabad Bank shows the average gross non-performing assets for the period was Rs. 1358.43 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 305.10 crore & 22.46% respectively.

Allahabad Bank with average gross non- performing assets at Rs. 1358.43 crore is comparable with Syndicate Bank, UCO Bank, Indian Overseas Bank, Indian Bank, and Dena Bank. However, rest of the Banks have more than 70% variation. C.V of Gross NPA at 22.46% is showing substantial variation with comparable Banks like Indian Overseas Bank and Indian Bank. However, the same C.V very closely matches with Syndicate Bank, meaning that gross non-performing assets status of Allahabad Bank and Syndicate Bank are more or less common.
5.7.2 Bank of Baroda

The Bank of Baroda shows the average gross non-performing assets for the period was Rs. 3085.57 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 885.22 crore & 28.69% respectively.

Average gross non-performing assets at Rs. 3085.57 crore is well comparable with Bank of India and Punjab National Bank but with rest of the Banks it is substantially showing variation in quantum amount and hence not comparable. Its C.V at 28.69% is comparable with Bank of India at 26.35% has also with C.V of Punjab National Bank at 24.67%. However, Syndicate Bank, Union Bank of India, Canara Bank, Allahabad Bank also have comparable C.V in the same range although its average gross non-performing assets are not comparable.

5.7.3 Bank of India

The Bank of India shows the average gross non-performing assets for the period was Rs. 3054.93 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 804.85 crore & 26.35% respectively.

Average gross non-performing assets at Rs. 3054.93 crore is well comparable with Bank of Baroda and Punjab National Bank but the same is not comparable with rest of the Banks as gross non-performing assets of the rest of the Banks are substantially lower. However, C.V of gross non-performing assets of Bank of India at 26.35% is well comparable with most of Banks except Dena Bank, Indian Bank, Indian Overseas Bank and UCO Bank.

5.7.4 Canara Bank

The Canara Bank shows the average gross non-performing assets for the period was Rs. 2331.57 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 529.79 crore & 22.72% respectively.

Canara Bank with gross non-performing assets at Rs. 2331.57 crore does not have identical or closely comparable gross non-performing assets of any other Banks. However, its C.V at 22.72% is well comparable with rest of the Banks except Dena Bank, Indian Bank, Indian Overseas Bank and UCO Bank.
5.7.5 Dena Bank

The Dena Bank shows the average gross non-performing assets for the period was Rs. 1073.57 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 490.25 crore & 45.66 % respectively.

This Bank is little comparable with Allahabad Bank, Syndicate Bank and UCO Bank since it has 1073.57 crore as average gross non-performing assets. However, its C.V 45.66% is not comparable with rest of the Banks except Indian Overseas Bank which shows little less C.V of 40.96%. This means that the Dena Bank and Indian Overseas Bank are not falling within average C.V range of 22 % to 28% which is shown by many other Banks.

5.7.6 Indian Bank

The Indian Bank shows the average gross non-performing assets for the period was Rs. 1568.43 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 987.93 crore & 62.99 % respectively.

Indian Bank is the only Bank in the entire pack which shows C.V of 62.99% against average gross non-performing assets of 1568.43 crore. This C.V of 62.99% is three fold more than the range of 22% to 28% and is also substantially above comparable Indian Overseas Bank, with same gross non- performing assets of 1577.93 crore showing 40.96% of C.V and UCO Bank with 1412.57 crore of average gross non- performing assets showing 10.23% C.V.

5.7.7 Indian Overseas Bank

The Indian Overseas Bank shows the average gross non-performing assets for the period was Rs. 1577.93 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 646.37 crore & 40.96 % respectively.

This two Banks shows gross non-performing assets at Rs. 1577.93 crore well comparable with Indian Bank, UCO Bank, Syndicate Bank and Allahabad Bank. However, its C.V at 40.96% is far from the range of 22% to 28% of many Banks and also not comparable with Indian Bank at 62.99% or with UCO Bank at 10.23%.
5.7.8 Punjab National Bank

The Punjab National Bank shows the average gross non-performing assets for the period was Rs. 3332.14 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 822.19 crore & 24.67% respectively.

This Bank show average gross non-performing assets of Rs. 3332.14 crore is only comparable with Bank of Baroda and its C.V at 24.67% is well comparable with Bank of Baroda and Bank of India besides the fact that it also remain comparable with the range of 22% to 28% of most other Banks.

5.7.9 Syndicate Bank

The Syndicate Bank shows the average gross non-performing assets for the period was Rs. 1373.50 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 315.10 crore & 22.95% respectively.

This Bank show average gross non-performing assets of Rs. 1373.50 crore is comparable with UCO Bank and Allahabad Bank. However, its C.V at 22.95% falls well within the popular range of 22% to 28% whereas that does not remain comparable it’s C.V of UCO Bank at 10.23%.

5.7.10 Union Bank of India

The Union Bank of India shows the average gross non-performing assets for the period was Rs. 1894.43 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 513.40 crore & 27.10% respectively.

Union Bank of India shows average gross non-performing assets at Rs. 1894.43 crore is not comparable with most of the banks. However, it’s C.V at 27.10% falls well within popular range of 22% to 28%.

5.7.11 UCO Bank

The UCO Bank shows the average gross non-performing assets for the period was Rs. 1412.57 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs. 144.50 crore & 10.23% respectively.
Its average gross non-performing assets at Rs.1412.57 crore are well comparable with Syndicate Bank. However, its C.V at 10.23% is drastically varying at not only bottom end of the pack but also figures par from popular range between 22% to 28% on one hand and substantially lower further when compared with C.V of 62.99%, 45.66% and 40.96% respectively of Indian Bank, Dena Bank, Indian Overseas Bank.

5.7.B INTERPRETATION OF GROSS NON-PERFORMING ASSETS OF SELECTED BANKS

Considering findings as above it is safe to conclude that Punjab National Bank, Canara Bank, Bank of Baroda and Bank of India are more consistent followed by Syndicate Bank, Union Bank of India, Allahabad Bank whereas Indian Bank, Dena Bank, UCO Bank have significant variation which represent abnormal status in gross non-performing assets with their average advances.

Data of 14 years in respect of growth in gross non-performing assets of Indian Bank year to year basis is more variable when it is compared with rest of the other 10 Banks. This is only Bank which has registered manageable growth in the range of 5.66% at upper rate and 0.85% at lower rate. Hence, Indian Bank can be judge as better Bank in respect of its gross non-performing assets for last 14 years.

5.8 ANALYSIS OF NET NON-PERFORMING ASSETS OF SELECTED BANKS

Therefore it becomes easy to understand the entire number positions of different Banks and comment made thereon, Bank to Bank basis.

5.8.1 Allahabad Bank

The Allahabad Bank shows the average net non-performing assets for the period was Rs. 642.214 crore while the standard deviation (S.D) and coefficient variation (C.V) for total gross non-performing assets were observed at Rs294.257 crore & 45.82 respectively.

Allahabad Bank with average net non-performing assets at Rs. 642.21 crore is comparable with Dena Bank, Indian Overseas Bank, Indian Bank, UCO Bank and Syndicate Bank. However, rest of the Banks have more than 70% variation. C.V of net non-performing assets at 45.81% is showing substantial variation with comparable Banks like Indian Overseas Bank and Indian Bank. However, the same C.V very closely matches with Bank of Baroda
meaning that net non-performing assets status of Allahabad Bank and Bank of Baroda are more or less common.

5.8.2 Bank of Baroda

The Bank of Baroda shows the average net non-performing assets for the period was Rs. 1068.71 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 505.708 crore & 47.32% respectively.

In case of Bank of Baroda, average net non-performing assets at Rs. 1068.71 crore is well comparable with Punjab National Bank and Canara Bank but with the rest of the Banks it is substantially showing variation in quantum amount and hence not comparable. Its C.V at 47.31% is comparable with Allahabad Bank at 45.81%. However, Syndicate Bank, Union Bank of India, Dena Bank, Allahabad Bank also have comparable C.V in the same range although its average net non-performing assets are not comparable.

5.8.3 Bank of India

The Bank of India shows the average net non-performing assets for the period was Rs. 1595.357 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 620.121 crore & 38.87% respectively.

Bank of India average net non-performing assets at Rs.1595.357 crore are comparable with Canara Bank and Punjab National Bank but same is not comparable with rest of the Banks as average net non-performing assets of the rest of the Banks are substantially lower. However, C.V of net non-performing assets of Bank of India at 38.87% is well comparable with Syndicate Bank and Union Bank of India.

5.8.4 Canara Bank

The Canara Bank shows the average net non-performing assets for the period was Rs. 1254.428 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 244.453 crore & 19.49% respectively.

Canara Bank average net non-performing assets at Rs.1254.428 crore have identical or closely comparable average net non-performing of other Banks like Bank of Baroda and Bank of India. However, its C.V at 19.49% is well comparable with only UCO Bank.
5.8.5  Dena Bank

The Dena Bank shows the average net non-performing assets for the period was Rs. 642.928 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 340.722 crore & 52.99 % respectively.

This Bank is comparable with Allahabad Bank, Syndicate Bank, UCO Bank, Indian Overseas Bank. Since it has average net non-performing assets at Rs. 642.928 crore. However, its C.V at 52.99% is comparable with Punjab National Bank. Further with almost all other Banks, the C.V shows substantial variation and hence C.V does not remain comparable with other Banks.

5.8.6  Indian Bank

The Indian Bank shows the average net non-performing assets for the period was Rs. 726.00 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 618.044 crore & 85.13 % respectively.

Indian Bank with average net non-performing assets is at Rs. 726 crore is comparable with Indian Overseas Bank, UCO Bank, Dena Bank and Allahabad Bank. Whereas other Banks have substantial variation in average net non-performing assets and hence not comparable. Its C.V 85.13% is highest in the group and is not comparable with of close to C.V of any other Banks. This is a very peculiar situation with this Bank that although its average net non-performing assets is comparable and close with four/ five Banks and yet its C.V is not comparable with any above Banks.

5.8.7  Indian Overseas Bank

The Indian Overseas Bank shows the average net non-performing assets for the period was Rs. 722.714 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 441.11 crore & 61.036 % respectively.

This Bank also has average net no-performing assets of Rs. 722.714 crore which is comparable and closes to Indian Bank, Dena Bank, Allahabad Bank, UCO Bank, Union Bank of India. However, its C.V at 61.04% is comparable and close to only Punjab National Bank whereas C.V of rest of the Banks shows substantial variation in comparison with Indian Overseas Bank.
5.8.8 Punjab National Bank
The Punjab National Bank shows the average net non-performing assets for the period was Rs. 1074.929 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 628.147 crore & 58.44% respectively.

In case of Punjab National Bank which shows average net non-performing assets at Rs. 1074.929 crore is close to Canara Bank, Bank of Baroda. However, it show substantial variation if compared with remaining Banks. Its C.V at 58.43% is close to only Indian Overseas Bank and C.V of rest of the Banks do not remain close to comparison.

5.8.9 Syndicate Bank
The Syndicate Bank shows the average net non-performing assets for the period was Rs. 525.714 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 173.166 crore & 32.93% respectively.

In case of Syndicate Bank its average net non–performing assets at Rs. 525.714 crore is comparable and close to only Dena Bank and Allahabad Bank whereas remaining Banks have substantial non comparable figures. Its C.V at 32.93% is not very close for any of the Banks.

5.8.10 Union Bank of India
The Union Bank of India shows the average net non-performing assets for the period was Rs. 852.928 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 338.077 crore & 39.64% respectively.

Its average net non- performing assets at Rs.852.928 crore is comparable with UCO Bank and Indian Overseas Bank and Indian Bank. However, its C.V at 39.64% is close to only Bank of India and rest of the Banks do not have comparison figures.

5.8.11 UCO Bank
The UCO Bank shows the average net non-performing assets for the period was Rs 787.357 crore while the standard deviation (S.D) and coefficient variation (C.V) for total net non-performing assets were observed at Rs. 136.013 crore & 17.27% respectively.

Its average net non- performing assets at 787.357 crore is well comparable and close to Indian Overseas Bank, Indian Bank, Dena Bank and Allahabad Bank. However, its C.V is
lowest in the group at 17.27% and is only comparable and close to Canara Bank whereas rest of the Banks are not comparable.

5.8.C INTERPRETATION OF NET NON-PERFORMING ASSETS OF SELECTED BANKS

Considering the findings as above it is safe to conclude that Bank of India, Canara Bank, Punjab National Bank and Bank of Baroda are more consistent followed by Syndicate Bank, UCO Bank, Allahabad Bank whereas rest of the Banks have significant variables which represent abnormal status in net non-performing assets with their average advances.

Data of 14 years in respect of growth in net non-performing assets of Indian Bank year to year basis is more variable when it is compared with rest of the other 10 Banks. This is only the Banks which has registered negative growth rate of -42.37%. Hence, Indian Bank can be judge as better Bank in respect of its net non-performing assets for last 14 years.

5.9 ANALYSIS OF PERCENTAGE OF GROSS NON-PERFORMING ASSETS TO TOTAL ADVANCES OF SELECTED BANKS

Therefore it becomes easy to understand the entire number positions of different Banks and comment made thereon, Bank to Bank basis.

5.9.1 Allahabad Bank

The average percentage of gross non-performing assets to total advances of Allahabad Bank was stood at 11.50% while its standard deviation and coefficient of variation were stood at 8.24% and 71.66% respectively.

Average gross non-performing assets to total advances percentage at 11.50% is comparable with only Dena Bank and UCO Bank which are having a double digit gross non-performing assets percentage whereas all other Banks has single digit gross non-performing assets in percentage. Its C.V at 71.66% does not have any close comparable C.V of entire group.

5.9.2 Bank of Baroda

The average percentage of gross non-performing assets to total advances of Bank of Baroda was stood at 9.20% while its standard deviation and coefficient of variation were stood at 5.75% and 62.63 % respectively.
Average gross non-performing to total advances percentage at 9.19% is comparable with and close to Punjab National Bank and Indian Overseas Bank. However, its C.V at 62.63% is comparable only with Dena Bank.

5.9.3 Bank of India

The average percentage of gross non-performing assets to total advances of Bank of India was stood at 7.29% while its standard deviation and coefficient of variation were stood at 4.03% and 55.31% respectively.

Average gross non-performing to total advances percentage at 7.28% is lowest in the group and well comparable with Canara Bank, Syndicate Bank, Union Bank of India. As a matter of fact this few Banks have range bound average percentage of gross non-performing assets between 7% to 9%. Its C.V at 55.31% is comparable with Union Bank of India, Punjab National Bank and Indian Overseas Bank whereas rest of the Banks C.V shows substantial variation.

5.9.4 Canara Bank

The average percentage of gross non-performing assets to total advances of Canara Bank was stood at 7.58% while its standard deviation and coefficient of variation were stood at 6.56% and 86.66% respectively.

This Bank again falls in the trends of 7.58% of average gross non-performing assets to total advances remaining well comparable and close to Bank of India, Syndicate Bank, Union Bank of India. However, its C.V at 86.66% is the second highest in the group and none of the Banks have close comparable C.V percentage of gross non-performing assets with Canara Bank.

5.9.5 Dena Bank

The average percentage of gross non-performing assets to total advances of Dena Bank was stood at 11.99% while its standard deviation and coefficient of variation were stood at 7.60% and 63.41% respectively.

This Bank average gross non-performing assets to total advances percentage at 11.99% is third highest in the group and is only compared with Allahabad Bank and UCO Bank. However, its C.V is 63.41% is comparable with Bank of Baroda and Syndicate Bank.
5.9.6 Indian Bank
The average percentage of gross non-performing assets to total advances of Indian Bank was stood at 15.81% while its standard deviation and coefficient of variation were stood at 15.02% and 95.00% respectively.

This Bank is showing highest average percentage of gross non–performing assets to total advances at 15.81% and it is non comparable as none of the Banks have this high percentage of gross non–performing assets. Its C.V at 95% is the highest in the group and not comparable with any other Banks.

5.9.7 Indian overseas Bank
The average percentage of gross non- performing assets to total advances of Indian Overseas Bank was stood at 8.34% while its standard deviation and coefficient of variation were stood at 4.81% and 57.70% respectively.

This Bank is showing average percentage of gross non–performing assets to total advances at 8.34% falls within above stated range and is well comparable with Punjab National Bank, Syndicate Bank, Union Bank of India, Canara Bank and Bank of India. Its C.V at 57.70% is closely comparable with Punjab National Bank and Bank of India whereas rest of the Banks have high variation in C.V.

5.9.8 Punjab National Bank

The average percentage of gross non- performing assets to total advances of Punjab National Bank was stood at 8.71% while its standard deviation and coefficient of variation were stood at 5.03% and 57.77% respectively.

This Bank is showing average percentage of gross non–performing assets to total advances at 8.71% falls in the stipulated range and is closely comparable with Indian Overseas Bank, Syndicate Bank, Union Bank of India, Canara Bank and Bank of India. Its C.V at 57.77% is very closely comparable with Indian Overseas Bank, Union Bank of India and Bank of India whereas as other Banks have highly varying in C.V.
5.9.9  **Syndicate Bank**

The average percentage of gross non-performing assets to total advances of Syndicate Bank was stood at 7.43% while its standard deviation and coefficient of variation were stood at 4.87% and 65.58% respectively.

This Bank is showing average percentage of gross non-performing assets to total advances at 7.43% falls in the above stated range is very closely comparable with Union Bank of India, Canara Bank, Bank of India, Indian Overseas Bank and Punjab National Bank. Its C.V at 65.58% is only comparable and close to Dena Bank and Bank of India whereas rest of the Banks have highly varying C.V.

5.9.10  **Union Bank of India**

The average percentage of gross non-performing assets to total advances of Union Bank of India was stood at 7.36% while its standard deviation and coefficient of variation were stood at 3.97% and 53.98% respectively.

This Bank is showing average percentage of gross non-performing assets to total advances at 7.36% falls within above stated range and is very closely comparable with Syndicate Bank, Canara Bank, Bank of India, Indian Overseas Bank and Punjab National Bank. Its C.V at 53.98% is comparable with Bank of India, Indian Overseas Bank and Punjab National Bank whereas rest of the Banks have high varying C.V.

5.9.11  **UCO Bank**

The above table shows average percentage of gross non-performing assets to total advances of UCO Bank was stood at 10.63% while its standard deviation and coefficient of variation were stood at 8.73% and 82.17% respectively.

This Bank is showing average percentage of gross non-performing assets to total advances at 10.63% which is comparable and close to Dena Bank and Allahabad Bank. However, its C.V at 82.17% which is third highest in the pack and to some extent comparable with only Canara Bank and rest of the Banks have very high varying C.V.
5.9 D INTERPRETATION OF PERCENTAGE OF GROSS NON-PRFORMING ASSETS TO TOTAL ADVANCES OF SELECTED BANKS

Considering the findings as above it shows average and C.V of the ratio of average percentage of gross non-performing assets to total advances during the period under research. A high average percentage of gross non-performing assets is observed in case of Indian Bank is followed by Allahabad Bank, Dena Bank and UCO Bank. However, lowest C.V in the group at 53.98% of Union Bank of India and the highest C.V at 95% is of Indian Bank. The spread between lowest and upper range have substantially variable C.V on Bank to Bank basis.

Having regards to compiled data of 14 years as also considering the average of 14 years, it is seem that lowest average percentage of gross non- performing assets to total advances, is at 7.29% of Bank of India, followed by Union Bank of India at 7.36% and Syndicate Bank at 7.43% and Canara Bank at 7.58%. Thus with minor variation in decimal, these four Banks have remained at sub 7.75% of gross non- performing assets level and therefore these four Banks are relatively better Banks in comparison with remaining seven Banks and since Bank of India has registered lowest average gross non- performing assets in percentage it can be judge as best Bank.

5.10 ANALYSIS OF PERCENTAGE OF NET NON–PERFORMING ASSETS TO TOTAL ADVANCES OF SELECTED BANKS

Therefore it becomes easy to understand the entire number positions of different Banks and comment made thereon, Bank to Bank basis.

5.10.1 Allahabad Bank

The average percentage of net non- performing assets to total advances of Allahabad Bank was stood at 6.56% while its standard deviation and coefficient of variation were stood at 5.74% and 87.59% respectively.

Average percentage of net non- performing assets to total advances of Allahabad Bank at 6.56% is comparable with Dena Bank and UCO Bank. Whereas, all other Banks has less than 5% net non- performing assets percentage except Indian Bank. Its C.V at 87.59% does not have any close comparable C.V of entire Bank group.
5.10.2 Bank of Baroda

The average percentage of net non-performing assets to total advances of Bank of Baroda was stood at 3.76% while its standard deviation and coefficient of variation were stood at 3.04% and 80.91% respectively.

Average percentage of net non-performing assets to total advances at 3.76% is comparable with and close to Canara Bank and Syndicate Bank. However, its C.V at 80.91% is comparable with UCO Bank.

5.10.3 Bank of India

The average percentage of net non-performing assets to total advances of Bank of India was stood at 4.26% while its standard deviation and coefficient of variation were stood at 2.83% and 66.53% respectively.

The average percentage of net non-performing assets to total advances of Bank of India at 4.26% is well comparable with Union Bank of India, Indian Overseas Bank and Punjab National Bank. As a matter of fact that few Banks have range bound average percentage of net non-performing assets between 3% to 5%. Its C.V at 66.53% is comparable with Syndicate Bank, Indian Overseas Bank whereas rest of the Banks C.V shows substantially variable.

5.10.4 Canara Bank

The average percentage of net non-performing assets to total advances of Canara Bank was stood at 3.67% while its standard deviation and coefficient of variation were stood at 2.69% and 73.48% respectively.

This Bank falls in the trends of 3.67% average percentage of net non –performing assets to total advances is well comparable and close to Bank of Baroda, Syndicate Bank. However, its C.V at 73.48% is comparable with Union Bank of India, UCO Bank, Dena Bank.

5.10.5 Dena Bank

The average percentage of net non-performing assets to total advances of Dena Bank was stood at 7.73% while its standard deviation and coefficient of variation were stood at 5.58% and 72.25% respectively.
This Bank average percentage of net non-performing assets to total advances at 7.73% is the second highest in the group and is comparable with Allahabad Bank, Dena Bank. However, its C.V is 72.25% is Comparable with Canara Bank, Union Bank of India and UCO Bank.

5.10.6 Indian Bank

The average percentage of net non-performing assets to total advances of Indian Bank was stood at 8.53% while its standard deviation and coefficient of variation were stood at 9.42% and 110.47% respectively.

This Bank is showing highest average percentage of net non-performing assets to total advances at 8.53% and it is not comparable as none of the Banks have this highest percentage of net non-performing assets. Its C.V at 110.47% is the highest in the group and not comparable with any other Banks.

5.10.7 Indian Overseas Bank

The average percentage of net non-performing assets to total advances of Indian Overseas Bank was stood at 4.09% while its standard deviation and coefficient of variation were stood at 2.82% and 69.07% respectively.

This Bank average percentage of net non-performing assets to total advances at 4.09% is well comparable with Punjab National Bank, Bank of India and Union Bank of India. Its C.V at 69.07% is well comparable with Syndicate Bank and Bank of India whereas rest of the Banks have high variation in C.V.

5.10.8 Punjab National Bank

The average percentage of net non-performing assets to total advances of Punjab National Bank was stood at 4.07% while its standard deviation and coefficient of variation were stood at 3.88% and 95.66% respectively.

The average percentage of net non-performing assets to total advances of Punjab National Bank was stood at 4.07% and is closely comparable with Bank of India, Union Bank of India and Indian Overseas Bank. Its C.V at 95.66% is closely comparable with only Allahabad Bank whereas other Banks have highly variable in C.V.
5.10.9 Syndicate Bank

The average percentage of net non-performing assets to total advances of Syndicate Bank was stood at 3.00% while its standard deviation and coefficient of variation were stood at 2.05% and 68.50% respectively.

The average percentage of net non-performing assets to total advances of Syndicate Bank was stood at 3.00% is very close comparable with Bank of Baroda and Canara Bank. Its C.V at 68.50% is only comparable and close to Punjab National Bank and Bank of India whereas rest of the Banks have highly variable in C.V.

5.10.10 Union Bank of India

The average percentage of net non-performing assets to total advances of Union Bank of India was stood at 4.19% while its standard deviation and coefficient of variation were stood at 3.05% and 72.77% respectively.

Its average percentage of net non-performing assets to total advances at 4.49% is closely comparable with Bank of India, Indian Overseas Bank and Punjab National Bank. Its C.V at 72.77% is comparable with UCO Bank, Canara Bank and Dena Bank.

5.10.11 UCO Bank

The average percentage of net non-performing assets to total advances of UCO Bank was stood at 5.41% while its standard deviation and coefficient of variation were stood at 3.99% and 73.77% respectively.

It has average percentage of net non-performing assets to total advances at 5.41% which is comparable and close to Allahabad Bank and Bank of India. However, it’s C.V at 73.77% which is comparable with Canara Bank, Union Bank of India and Dena Bank but rest of the Banks have very high varying C.V.

5.10. E INTERPRETATION OF PERCENTAGE OF NET NON-PERFORMING ASSETS TO TOTAL ADVANCES OF SELECTED BANKS

Considering the findings as above it shows average and C.V of the ratio of average percentage of net non-performing assets to total advances during the period under research. A high average percentage of net non-performing assets is observed in case of Indian Bank is followed by Allahabad Bank, Dena Bank and UCO Bank. However, lowest C.V in the group
at 66.53% of Bank of India and the highest C.V at 110% is of Indian Bank. The spread between lowest and upper range have substantially variable C.V on Bank to Bank basis.

This is the most important and guiding parameters in determining assets quality of the Banks while spread of 14 years data compilation is a very large spread for critical comparison, the averages worked out take care of period involved. Accordingly Syndicate Bank is averaging lowest percentage of net non-performing assets to total advances of 3.00% followed by Canara Bank at 3.67% and Bank of Baroda at 3.76% which represent sub average percentage level of net non-performing assets whereas all other rest of the Banks figure more than 4% of average percentage of net non-performing assets. Therefore, while these 4 Banks can be judge relatively better Banks, the best Bank that can be judge at lowest percentage of net non-performing assets is Syndicate Bank.

5.11 CONCLUSION

In background of the fact that data assimilation of large spread of 14 years corresponding between 1996-97 and 2009-2010, as also the fact that all selected Banks are not only having substantial variation in the respective business volumes but they are also under influence of regional and national political impact due to their public sector status, the statistical comparison for evaluating performance in respect of key parameter like non-performing assets, has been extremely challenging. This apart period 1997 to 2000 is that period in which prudential norms for income recognition and provisioning with assets classification were actually implemented. Therefore, data assimilated between 1997 to 2000 having been impacted by the first time introduced prudential norms, shows very huge variation as various Public Sector Banks took lot of time in deriving correct understanding of the norms and implementation of the same. Having regards to all stated in forgoing, it is considered fair and reasonable to use percentage of average quantum gross non-performing assets and average quantum net non-performing assets with that of average quantum of advances as key parameters indicator to judge the performance of the Bank. This percentage of gross non-performing assets and net non-performing assets so worked out on the basis of average quantum of gross non-performing assets and net non-performing assets vis-à-vis average quantum advances as tabulated below shows that amongst all 11 Public Sector Banks, Syndicate Bank shows lowest average percentage of gross non-performing assets to total advances of 4.28% and average percentage of net non-performing assets of 1.63%. This two key parameters being lowest among all other rest of selected Banks. It can be judged that
Syndicate Bank has better way managed non – performing assets for the corresponding periods of 1996 to 2009-10.

Table 5.1 Average Percentage of Gross NPA and Net NPA to Average Total Advances

<table>
<thead>
<tr>
<th>Name of Banks</th>
<th>Percentage of Average Gross non- performing Assets to Average Advances</th>
<th>Percentage of Average Net non- performing Assets to Average Advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allahabad Bank</td>
<td>5.54</td>
<td>2.61</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>5.25</td>
<td>1.81</td>
</tr>
<tr>
<td>Bank of India</td>
<td>4.85</td>
<td>2.53</td>
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<tr>
<td>Canara Bank</td>
<td>3.75</td>
<td>2.01</td>
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<td>Dena Bank</td>
<td>8.09</td>
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<td>Indian Bank</td>
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<td>Indian Overseas Bank</td>
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<td>Punjab National Bank</td>
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<td>Syndicate Bank</td>
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</tr>
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<td>Union Bank of India</td>
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<td>UCO Bank</td>
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<td>2.74</td>
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