A STUDY ON NON PERFORMING ASSET OF STATE BANK OF INDIA, SIVASAGAR BRANCH

[1]Mr. Subhasis Borpujari, [2]Ms. Chandinee Goswami

[1]Assistant Professor, Assam Rajiv Gandhi University of cooperative Management, Sivasagar

[2]Faculty, Best Academy, Bokakhat

[1]Email: borpujarisubhasis@gmail.com, [2]Email: chandineegoswami44@gmail.com

Abstract: **Non-performing assets has been recognized as one of the major cause of irritation of the banking sector of India. Many Studies identified NPA as the main reasons for the reduced profitability of the commercial banks in India. Almost all the banks in India are facing the problems of NPA. The amounts of NPA as well as its reasons differ from sector to sector, bank to bank and also within the different branch of a Bank. The Present study focuses on NPA position of SBI, Sivasagar Branch over a period of 5 years. The present study shows that the Branch has achieved efficiency in maintaining its Loans asset which results in decline of NPA over the Period. The Branch has failed to recover its NPA resulting in increasing of loss asset over the period. Overall the study concludes that in all the sectors, the Branch is achieving efficiency by reducing its NPA over the periods expect the agricultural sector which remained a matter of concern for the Branch.**

I.   INTRODUCTION

Non Performing Assets has become one biggest threat for the Indian Banking system. Almost all the banks whether large or small, are facing the problem of NPA due varied reasons. A bank financial health is very much affected by the raising NPA reducing its profitability, liquidity etc. The largest Bank or India i.e. State Bank of India is also not free from accumulating NPA. Different Studies shows the reasons from NPA not only vary from bank to Bank but also among the different branches of a bank. Hence studying the problems or reasons of NPA as a whole for the banks is not going to be fruitful. The problems of Individual Banks and their branches have to be studied to tackle the NPA related issues faced by the Indian Banks. The Present study focuses on NPA position of SBI, Sivasagar Branch over a period of 5 years.

Non Performing Asset: An Overview

A Non–Performing Asset is defined as a credit facility in respect of which the interest and/ or installment of principal has remained 'past due' for specified period of time. The term NPA is used by the financial institutions that refer to loans that are in default and so called NPL. When a borrower has failed to pay interest or principal amount for 90 days this loan is considered as a Non-Performing Asset. Non- Performing Assets are problematic because they depend on interest payments for income.

With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the 90 days overdue norm for identification of NPA, from the year ending March 31, 2004. Due to the effect from March 31, 2004, a NPA is a loan or advance where:

1.   Interest or Installment of principal amount remain overdue for a period of 91 days in the terms of term loan.

2.   The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/ cash credit (OD/CC).

3. Interest and/or installment of principal remains overdue for two harvest seasons in the case of an advance granted for agricultural purposes for short term and one harvest seasons in the case of an advance granted for agricultural purposes for long term .

4. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.

5. Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

6. Non submission of stock statements for 3 continuous Quarters in case of Cash Credit Facility.

7. No active transactions in the account (Cash Credit/Over Draft/EPC/PCFC) for more than 91 days.

Classification of NPA

The non-performing assets are classified into the following three categories based on the period for which the asset has remained non-performing and the reliability of the dues:

1. Sub-standard assets: a sub-standard asset is the one which has been classified as NPA for a period of not exceeding 12 months. Sub-standard asset is the asset in which bank have to maintain 15% of its reserves.

2. Doubtful Assets: A doubtful asset is one of the type of NPA which has remained NPA for a period exceeding 12 months.

3. Loss assets: where loss has been identified by the bank, internal or external auditor or central bank inspectors. But the amount has not been written off, wholly or partly.

NPA - Impact

The problem of NPAs in the Indian banking system is one of the foremost and the most formidable problems that had impact the entire banking system. Higher NPA ratio trembles the confidence of investors, depositors, lenders etc. It also causes poor recycling of funds, which in turn will have deleterious effect on the deployment of credit. The non-recovery of loans effects not only further availability of credit but also financial soundness of the banks.

Profitability: NPAs put detrimental impact on the profitability as banks stop to earn income on one hand and attract higher provisioning compared to standard assets on the other hand. On an average, banks are providing around 25% to 30% additional provision on incremental NPAs which has direct bearing on the profitability of the banks.

Asset (Credit) contraction: The increased NPAs put pressure on recycling of funds and reduces the ability of banks for lending more and thus results in lesser interest income. It contracts the money stock which may lead to economic slowdown.

Liability Management: In the light of high NPAs, Banks tend to lower the interest rates on deposits on one hand and likely to levy higher interest rates on advances to sustain NIM. This may become hurdle in smooth financial intermediation process and hampers banks' business as well as economic growth.

Capital Adequacy: As per Basel norms, banks are required to maintain adequate capital on risk-weighted assets on an ongoing basis. Every increase in NPA level adds to risk weighted assets which warrant the banks to shore up their capital base further. Capital has a price tagranging from 12% to 18% since it is a scarce resource.

Shareholders' confidence: Normally, shareholders are interested to enhance value of their investments through higher dividends and market capitalization which is possible only when the bank posts significant profits through improved business. The increased NPA level is likely to have adverse impact on the bank business as well as profitability thereby the share holders do not receive a market return on their capital and sometimes it may erode their value of investments. As per extant guidelines, banks whose Net NPA level is 5% & above are required to take prior permission from RBI to declare dividend and also stipulate cap on dividend payout.

Public confidence: Credibility of banking system is also affected greatly due to higher level NPAs because it shakes the confidence of general public in the soundness of the banking system. The increased NPAs may pose liquidity issues which is likely to lead run on bank by depositors.

Thus, the increased incidence of NPAs not only affects the performance of the banks but also affect the economy as a whole. In a nutshell, the high incidence of NPA has cascading impact on all important financial ratios of the banks viz., Net Interest Margin, Return on Assets, Profitability, Dividend Payout, Provision coverage ratio, Credit contraction etc.,

which may likely to erode the value of all stakeholders including Shareholders, Depositors, Borrowers, Employees and public at large.

Rational of the study:

Non-performing assets are the subject of major concerns to the banking sector and the other non-banking financial institutions in the present time. The substance of the Banks will be threatened depending upon the level of NPA. If banks have many accounts that are turning out to NPA, the existence of the bank would be difficult. The banks which have higher NPA can lose the confidence of the customer and also it would affect the liquidity, profitability and solvency position of the bank. Looking into the problems of NPA faced by the Banks all over the country the researcher was influenced to study the position of NPA of State Bank of India, Sivasagar Branch, so as to have a clear understanding of the problems relating to the NPA faced by the Bank.

II. REVIEW OF LITERATURE

Kalpesh Gandhi (2015)[1] in his paper "Study of NPA relating to SBI" try to find gross and net NPA, their effects, causes on banks and trends of NPA during 2010 to 2014. In his study he found that NPA,s of the SBI bank has been rising since 2010 which is a serious note for the bank and bank should take some strick action to avoid it, Proper system of recovery should be done is expected, Loan portfolio should be revived by the bank.

Dr. D. Ganesan R. Santhanakrishnan(October 2013)[2] In their paper, they try to find the sources and deployment of funds, gross and net NPA, the impact of NPA on profitability of SBI and suggest measures to manage NPAs in SBI. They highlights the reason for an assets becoming NPA and remedial measures to be taken, and they conclude that due to various steps taken by the government of India NPA levels were reduced to considerable level.

Mayur Rao and Aankita Patel (March 2015)[3], "a study of NPA reference to private sector banks, public sector banks and foreign banks in India". In their paper they try to find the causes and effects of NPA and they use least square method for projecting NPA in the year 2014. This study reveals that the Highest NPA is predicted for Public Sector Banks in the year 2014 and by applying ANOVA test it was concluded that the Ratio of Gross NPA to Gross Advances for Public sector, Private Sector and Foreign Banks does not have significant difference from 2009 to 2013.

Sameer S. Manek(February 2015)[4], "a study of NPA-analysis of UCO bank" try to find the cause, effect and trends of gross and net NPA during 2011 to 2014. They revealed that from 2011 to 2014 whereby the condition was worse for the first three years in the last year 2014 there is an improvement seen because the percentage of Net and Gross NPA,s have been decreasing which a good sign for the UCO bank.

Suresh Patidar and Ashwini Kataria (2012)[5] had conducted study to analyze priority sector lending by selected public and private sector banks in India. They assessed the situation based on using statistical tools like regression analysis, ratio analysis and t-test. The authors found the significant impact of priority sector lending on total NPA of Public Sector banks, whereas in case of Private Sector Banks, there was no significant impact of priority sector lending on total NPA of Banks. Also the result showed the significant difference between NPA of SBI & Associates, Old Private Banks and New Private Banks with the NPA of Nationalized Banks, the benchmark category.

III. STATEMENT OF THE PROBLEM

Non-performing assets are the burning issue faced by the Banking sector in India. Managing and Controlling of NPA has become important for the survival of the Banks. NPA picture varies from Banks to Banks and also within the branches of a bank. SBI has been listed as one of the major contributor towards NPA. The problem dealt by the present paper is to analyze the NPA, Sivasagar Branch and to find out the sector which is presently the acute contributor to the NPA Sivasagar Branch.

---

[1] Kalpesh Gandhi (2015), Non Performing Assets: A study of State Bank of India. International Journal of Research in all Subjects in Multi Languages. Vol. 3, Issue: 3, pp. 24-29

[2] Dr. D. Ganesan R. Santhanakrishnan(October 2013) Non-Performing Assets: A Study of State Bank of India. Asia Pacific Journal Of Research

[3] Mayur rao and Ankita patel (2015), A Study on non-performing assets management with reference to public sector banks, private sector banks and foreign banks in India. Journal of management and science. Vol. 5, no. 1,

[4] Sameer S. Manek (2015) "Non Performing Assets – Analysis of UCO Bank", International Journal of Research in Humanities & Social Sciences, Vol. 3, no. 2, pp. 55-59

[5] Suresh Patidar and AshwiniKataria (2012) "An Analysis of NPA in Priority Sector Lending: A Comparative Study between Public Sector Banks and Private Sector Banks of India", EISSN, Vol. 3, No. 1, pp. 54-69

IV. OBJECTIVES OF THE STUDY

1. To study the loan and advances granted in different sector by SBI, Sivasagar Branch.

2. To study the trend of NPA in SBI, Sivasagar Branch for a period of 5 years.

3. To examine the sector wise NPA of SBI, Sivasagar Branch.

4. To examine the NPA classification of SBI, Sivasagar Branch .

V. SCOPE OF THE STUDY

The present study is conducted to examine the sector wise NPA of SBI Sivasagar, Branch thus the study is limited to this particular Branch only. Its scope is limited to the study of loan and advances granted in different sectors, NPA arising in different sectors, and to look over the trend of NPA over a period of 5 years from 2013 to 2017. As such the scope is limited to examining the trend of NPA for a period of 5 years.

VI. METHODS AND TECHNIQUES USED

The present study has been conducted on the basis of Secondary Data and is descriptive in its nature. The study period is confined to a period of five years from 2013 to 2017. Different books, journals, reports were referred in order construct the framework of the study.

Methods and Tools used for Collecting Data

The required data were collected by contacting officials of SBI, Sivasagar Branch, and collecting various reports on NPA relating to above mentioned branch. Apart from the above different websites, annual reports of SBI, RBI reports and different journals and Research publications were searched to gather the required data.

Analysis of Data

Descriptive statistics are used in order to analysis the data. The data collected, has been tabulated and are presented with the help of graphical method. To make the analysis meaningful statistical tools like – Trend percentage and ratio analysis were applied.

VII. ANALYSIS

Table 1: NPA to Advance Ratio

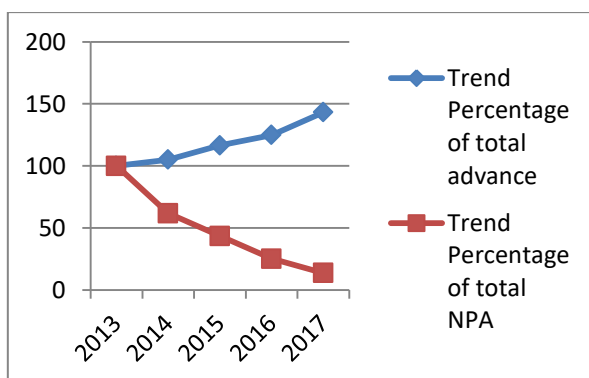| Year	Advance	NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	16213	596.72	100	100	3.6805033
2014	17034	369.53	105.06	61.93	2.169367148
2015	18893	259.57	116.53	43.50	1.373895093
2016	20257	150.53	124.94	25.23	0.74310115
2017	23218	82.45	143.21	13.82	0.355112413

Figure: 1

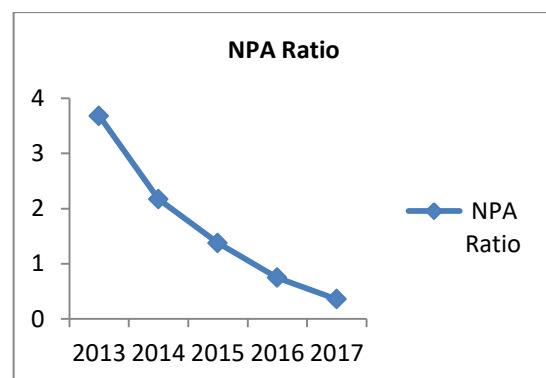**Figure showing trend percentage of NPA & Advance**

Figure: 2

Figure showing trend of NPA Ratio

Table no. 1 & Figure 2 shows that the gross NPA to gross Advances ratio of SBI Sivasagar Branch. It shows that 3.68 per cent in the year 2013 than it shows a continuous decrease to 0.36 in 17. An overall decreasing trend of NPA during the study period was found. Finally it can interpret that the bank was able to control of nonperforming assets. Figure 1 shows the trend percentage of gross Advances and gross NPA. The trend percentage of Gross Advance is found to be stripy increasing till 2017 comparing to base year 2013 which means the banks has increase its loan and advances over the period. On the other hand by comparing to the base year 2013 the NPA shows a negative trend which means the NPA of the banks has decreased over the study period.

Table 2: NPA to Advance in case of personal loan

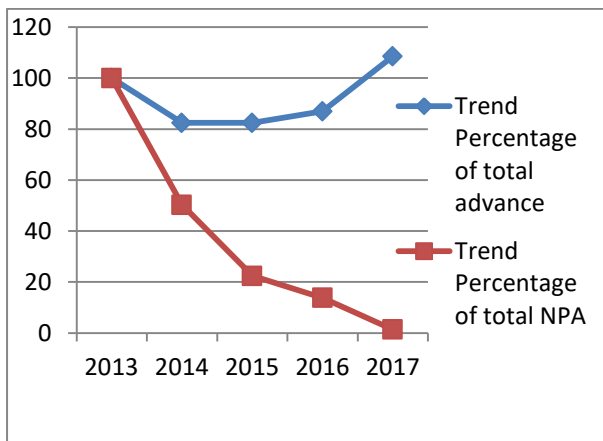| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	11045	173.05	100	100	1.566772295
2014	9101	87.01	82.40	50.28	0.956048786
2015	9100	38.75	82.39	22.39	0.425824176
2016	9602	23.92	86.94	13.82	0.249114768
2017	11986	2.41	108.52	1.39	0.020106791

Figure: 3
Figure showing trend percentage of NPA
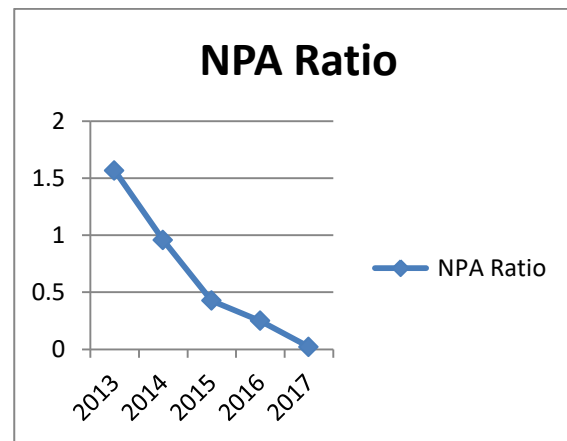**& Advance in case Personal Loan**

Figure: 4
Figure showing trend of NPA Ratio
in case Personal Loan

Table 2 and Figure no.3 shows the trend percentage of total advance & total NPA and also shows NPA ratios of Sivasagar Branch. The trend percentage of total advance is increasing continuously in the study period comparing to the base year 2013. At the same time the NPA is decreasing during the period which is a positive indication. Figure 4 shows that NPA is constantly decreasing from 2013 to 2017 as it has reached from 1.56 in 2013 to 0.02 in 2017. Since NPA shows negative trend over the period. Hence it can be said that SBI is able to handle its personal loan asset efficiently.

Table: 3 NPA to Advance in case of Home loan

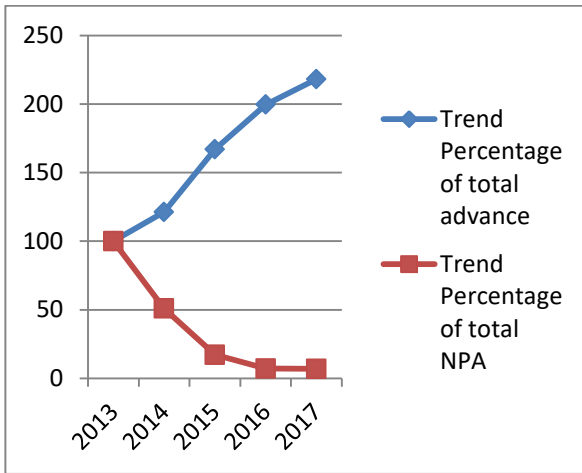| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	2322	32.49	100	100	1.399224806
2014	2816	16.56	121.27	50.97	0.588068182
2015	3877	5.59	166.97	17.21	0.144183647
2016	4634	2.33	199.57	7.17	0.050280535
2017	5065	2.24	218.13	6.89	0.044225074

Figure: 5
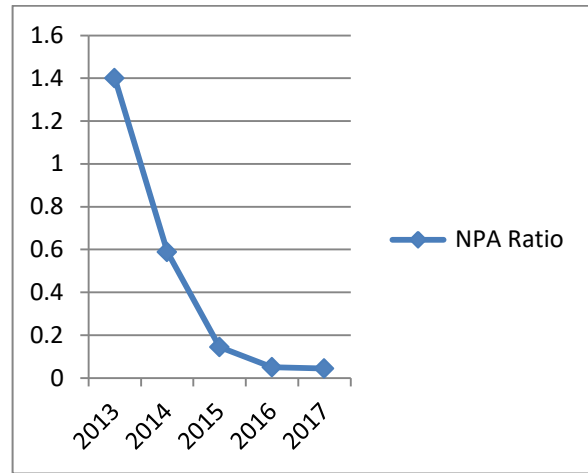**Figure showing trend percentage of NPA & Advance in case Home Loan**

Figure: 6
Figure showing trend of NPA Ratio in case Home Loan

Table 3 and Figure no. 5 & 6 shows the trend percentage of total advance & total NPA and also shows NPA ratios of Sivasagar Branch. The trend percentage of total advance in home loan is increasing continuously in the study period comparing to the base year 2013. At the same time the NPA is decreasing during the period which is a positive indication. Figure 4.6 shows that NPA shows is constantly decreasing from 2013 to 2017 as it has reached from 1.39 in 2013 to 0.04 in 2017. Finally it can be interpret that the bank is able to reduce its nonperforming assets arising from advance to housing sector

Table: 4 NPA to Advance in case of Educational loan

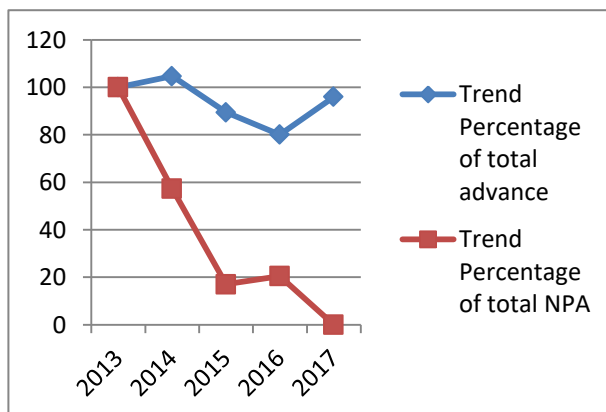| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	321	50.89	100	100	15.85358255
2014	336	29.16	104.67	57.30	8.678571429
2015	287	8.69	89.41	17.08	3.027874564
2016	257	10.44	80.06	20.51	4.062256809
2017	308	0	95.95	0.00	0

Figure: 7
Figure showing trend percentage of NPA & Advance in case Educational Loan
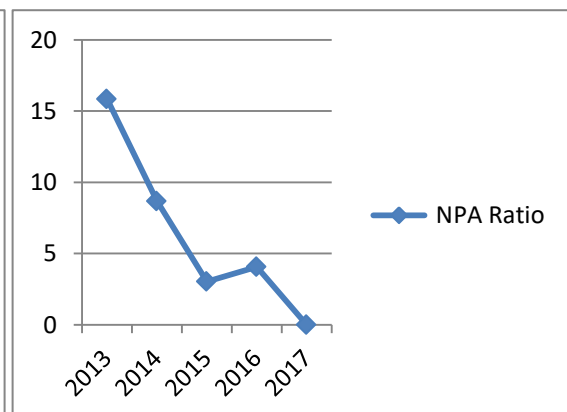

Figure: 8
Figure showing trend of NPA Ratio case Educational Loan

Table 4 shows the trend percentage of total advance & NPA and also shows the NPA ratio in Education loan of Sivasagar Branch. Figure 7 and 8 shows the graphical presentation of trend percentage and ratio percentage of NPA. Table 4 shows that SBI is increasing its advance in education loan in 2014 as compared to the base year 2013 but in the following year it

Page | 466

shows the decreasing trend in advance as in 2015 & 2016 but it shows slight increase in 2017 and also shows the NPA ratio is decreasing, it shows that in 2013 NPA ratio was 15.85 an it is continuously decreasing and in 2017 it was 0. So, it was a good sign for SBI as it can recover all their debt in time. From this it can interpret that SBI is able to maintain its loan asset relating to education loan well.

Table: 5

NPA to Advance in case of Business loan

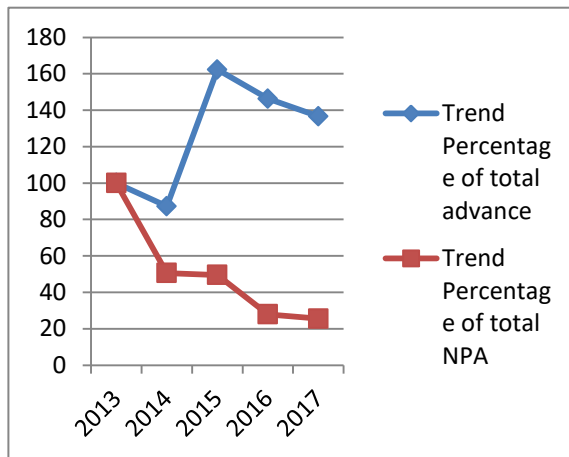| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	641	50.43	100	100	7.867394696
2014	559	25.51	87.21	50.58	4.563506261
2015	1040	25	162.25	49.57	2.403846154
2016	938	14.07	146.33	27.90	1.5
2017	876	12.9	136.66	25.58	1.47260274

Figure: 9
Figure showing trend percentage of NPA & Advance case Business Loan
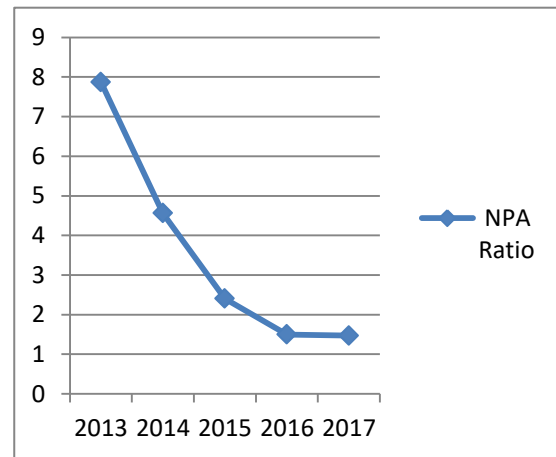

Figure: 10
Figure showing trend of NPA Ratio case Business Loan

Table 5 & Figure 9 shows the trend percentage of total advance & total NPA and also shows the NPA ratio of Business loan of SBI of Sivasagar Branch. The table shows that the loan decreases in 2014 as compared to the base year 2013 and increasing in the year 2015 and continuously decreasing in 2016 & 2017. Hence it can be said that the trend percentage of total advance is fluctuating over the period. And NPA ratio shows that it is continuously decreasing from the year 2013 to 2017. Finally it can be interpreted that SBI cannot maintain its loans and advances in case of Business loan also the NPA ratio shows an decreasing trend and it is a good sign for the bank.

Table: 6: NPA to Advance in case of Agricultural loan

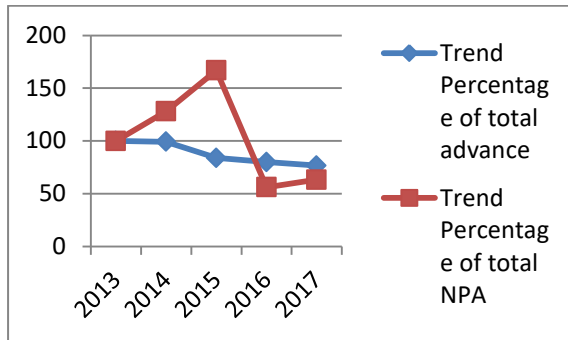| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	586	70.86	100	100	12.09215017
2014	581	90.69	99.15	127.98	15.60929432
2015	491	118.24	83.79	166.86	24.0814664
2016	468	39.77	79.86	56.12	8.497863248
2017	449	44.83	76.62	63.27	9.9844098

Figure:11

Figure showing trend percentage of NPA
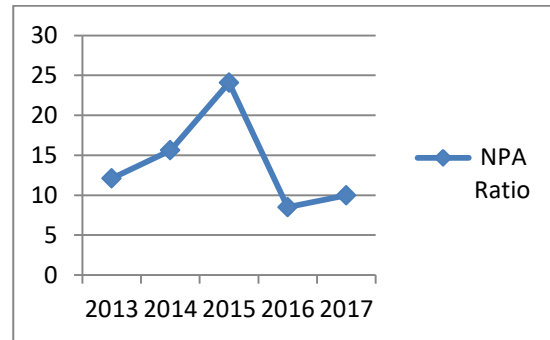**& Advance case Agricultural Loan**

Figure:12

Figure showing trend of NPA Ratio
in case Agricultural Loan

Table 6 shows the trend percentage of total loan &total NPA and also shows the NPA ratio of agricultural loan of SBI Sivasagar Branch and this table shows that SBI's advances from 2013 to 2017 is continuously decreasing. Advances of agricultural loan in 2014 is decreasing from the base year 2013 and from this year it is continuously decreasing to the financial year 2017, from this it can be interpreted that SBI cannot be able to maintain their loans and advances as it should be. Figure 11 and 12 shows the graphical presentation of trend percentage and NPA ratios from 2013 to 2017. Table shows that the NPA ratio is continuously increasing from 2013 to 2015. This is because the agricultural Loans which are (generally crops loan) to be returned at the end of harvest were not paid back by the farmers. The trend is decreasing in 2016 which is the result of writing off of NPA. It is again increasing in 201

Table: 7: NPA to Advance in case of Motor Vehicle loan

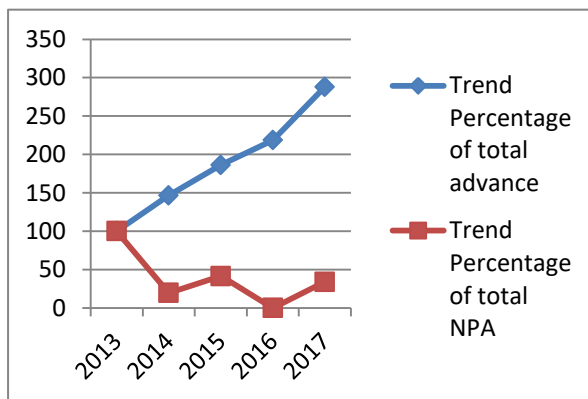| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	1708.9	11.3	100	100	0.661244075
2014	2503	2.2	146.47	19.47	0.087894527
2015	3181.1	4.69	186.15	41.50	0.147433278
2016	3735.06	0	218.57	0.00	0
2017	4921.1	3.82	287.97	33.81	0.077624921

Figure: 13

Figure showing trend percentage of NPA
& Advance case vehicle Loan

Figure: 14

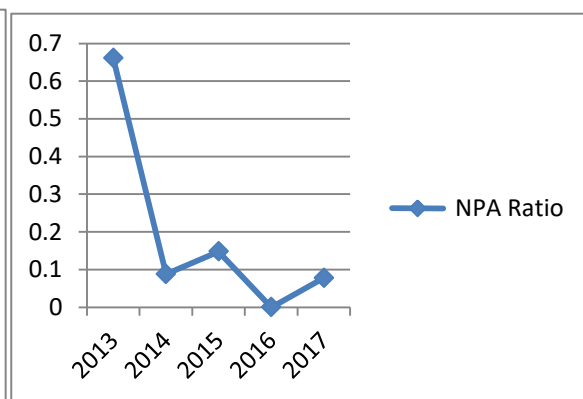**Figure showing trend of NPA Ratio**
in case vehicle Loan

Table 7 & Figure: 13 & 14 shows the trend percentage of total loan & total NPA and also shows the NPA ratios of vehicle loan of SBI Sivsagar Branch. It shows the trend percentage of total loan is continuously increasing from 2013 to 2017. In 2017 the trend shows a highest percentage as it was 287.97, from this it can be said that SBI has increases its loans and advances and it is a good sign for SBI and also it shows that NPA ratio is decreasing from 2013 to 2017 and the bank has no NPA in the year 2016 in case vehicle loan and in 2015 NPA ratio shows a slight increase but overall it shows a decreasing trend. Hence it can be said that the Branch was able to maintain its NPA in case of vehicle loan.

Table: 4.8 Priority Sector NPA to Advance

Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	3854.71	254.72	100	100	6.608019799
2014	4864	215.11	126.18	84.45	4.422491776
2015	5476.93	121.93	142.08	47.87	2.226247186
2016	5580.68	76.96	144.78	30.21	1.379043414
2017	5733.7	43.26	148.75	16.98	0.754486632
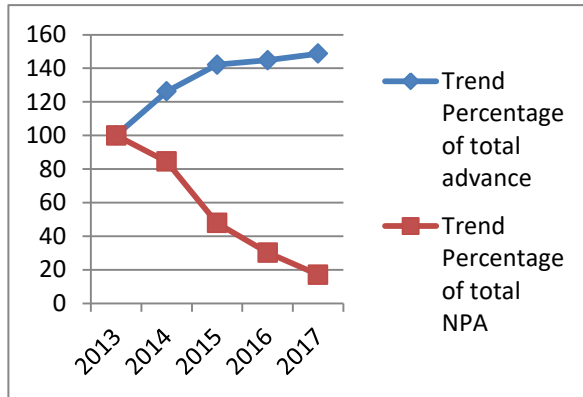
Figure: 4.15
Figure showing trend percentage of NPA
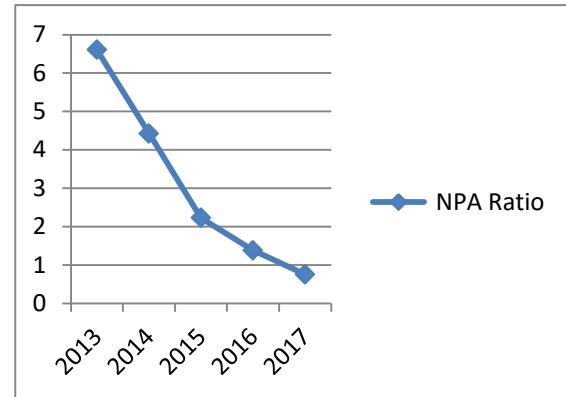**& Advance case Priority Sector**

Figure: 4.16
Figure showing trend of NPA Ratio
in case Priority Sector

Table 7 shows the trend percentage of gross loan & gross NPA and also shows the NPA ratios of priority sector of SBI of Sivsagar Branch. Figure 15 and Figure: 16 shows the graphical presentation of gross NPA and gross loan and the ratio of NPA. The table shows that the trend percentage of total advance is continuously increasing from the base year 2013 and it can be said that the Branch has maintained its loan advances well so it is continuously increasing. And the table shows that NPA ratio is decreasing as in 2013 it was 6.60 and it continuously decreasing from this year to the financial year 2017 as it was 0.75. Since the NPA shows the negative trend hence it can be said that SBI has been able to maintain its NPA in case of Priority sector.

Table: 9: Non Priority Sector NPA to Advance

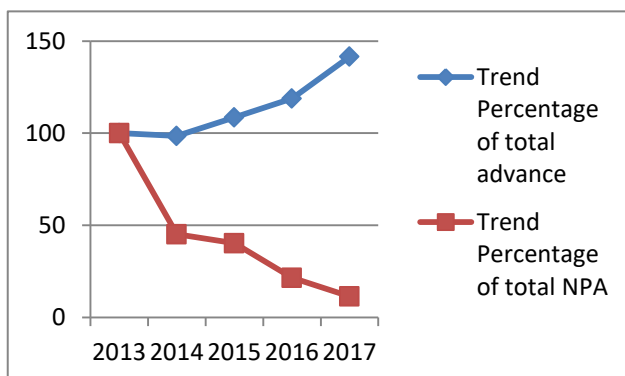| Year	Total Advance	Total NPA	Trend Percentage of total advance	Trend Percentage of total NPA	NPA Ratio
2013	12358.29	342	100	100	2.767373156
2014	12170	154.42	98.48	45.15	1.268857847
2015	13416.07	137.64	108.56	40.25	1.025933824
2016	14676.32	73.57	118.76	21.51	0.501283701
2017	17484.3	39.17	141.48	11.45	0.224029558

Figure: 17
Figure showing trend percentage of NPA
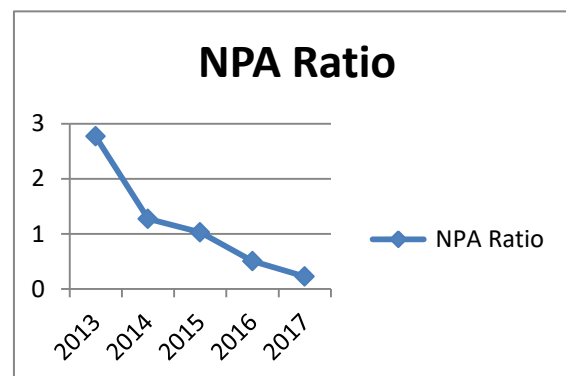**& Advance case of Non Priority Sector**

Figure: 18
Figure showing trend of NPA Ratio
in case Non Priority Sector

Table 9 shows the gross loans & gross NPA and also shows the NPA ratios of Non-priority sector of SBI Branch of Sivsagar. The table shows that in 2014 the trend percentage shows decreasing as compared to the base year and from 2015 it is increasing. From this table it can be said that SBI can increase its loans and advances from the year 2015. And the NPA ratio shows it is continuously decreasing from 2013 to 2017, as in 2013 it was 2.76 and in 2017 it is 0.22. Hence it can be said that SBI has maintained its NPA in case of Non-priority sector and if SBI could maintain its NPA in like that then it will be a good sign for SBI in future years.

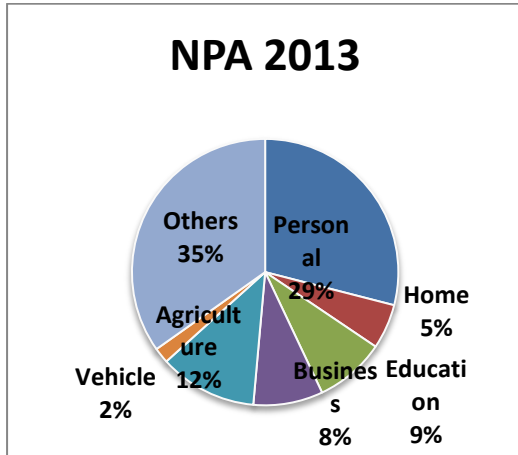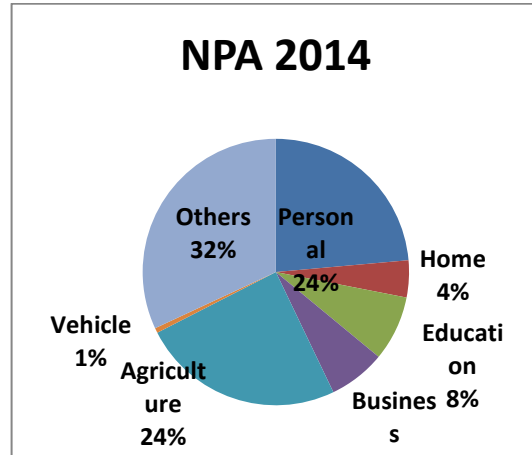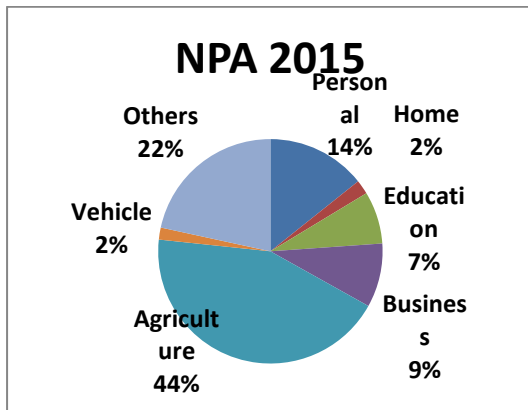**Graphical Representation of Year wise NPA in Different types of loans assets**

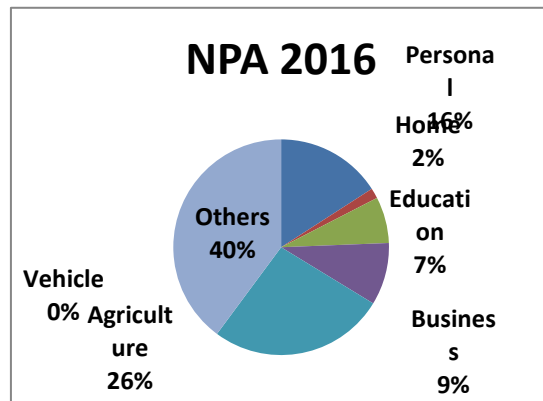**Figure 19**

Figure 20

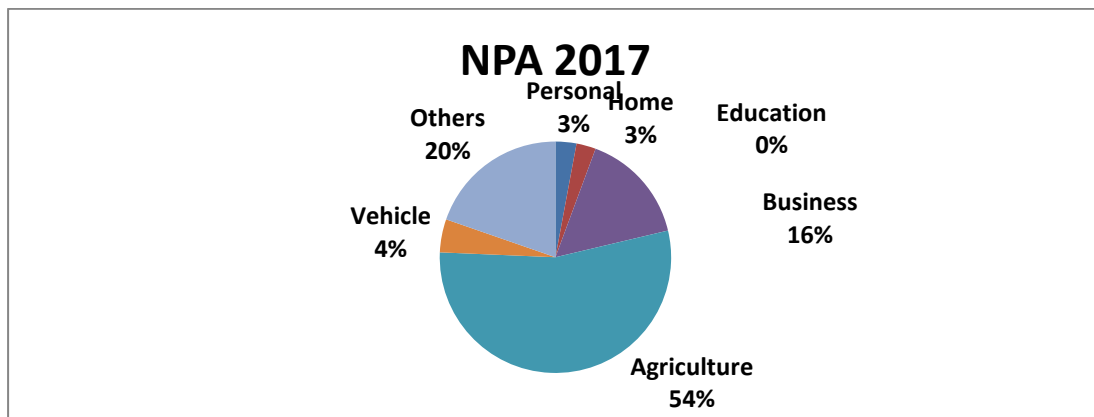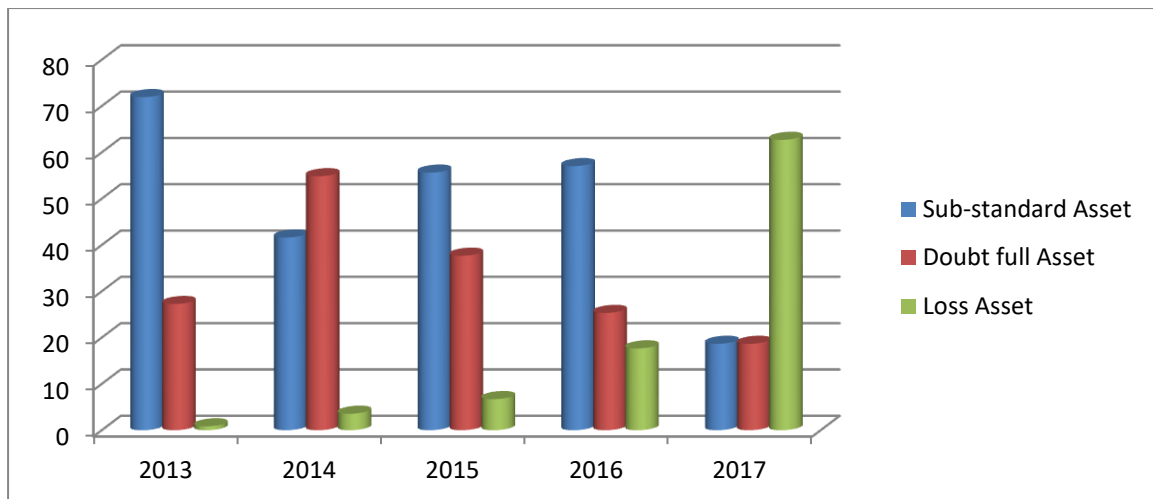**Figure 21**

Figure 22

Figure 23

From figure 19 to 23 shows the overall sector wise NPA from 2013 to 2017. It shows a drastic change in the sector wise NPA scenario over the period. These figure shows that the proportion of NPA relating to Agriculture in total NPA in the year 2013 is 12% whereas its proportion in 2017 is 54%. In all other sector the NPA proportion in total NPA is

decreasing. Hence we can say that the efficiency in loan management which results in declining of fresh NPA has been achieved in different Sectors and also writing off of cumulative NPA whereas opposite is the case with agricultural sector. This is because the agricultural advances are becoming bad due to inability of collecting them. (The agricultural loans are basically crop loans which were required to be collected at the end of the harvest). The Reason is the willful defaulters, loss of crops etc.

Table no. 10: Classification of NPA

| Years	Year wise NPA Classification							
	Sub-standard Asset		Doubt full Asset		Loss Asset		Total NPA	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
2013	425.59	71.92	161.23	27.25	4.9	0.83	591.72	100
2014	153.77	41.61	202.65	54.84	13.11	3.55	369.53	100
2015	144.35	55.61	97.79	37.67	17.43	6.71	259.57	100
2016	85.82	57.01	38.12	25.32	26.59	17.66	150.53	100
2017	15.38	18.65	15.38	18.65	51.69	62.69	82.45	100

Figure 24: Classification of NPA

From the table 10 and the figure 24 it shows that the percentage of sub- standard asset in 2013 was 71.92; doubtful asset was 27.25; loss asset was 0.83. In 2014 the percentage of sub- standard asset was 41.61; doubtful asset was 54.84; loss asset was 3.55. In 2015 the percentage of sub- standard asset was 55.61; doubtful was 37.67; loss asset was 6.71. In 2016 the percentage of sub- standard asset was 57.01; doubtful was 25.32; loss asset was 17.66. In 2017 the percentage of sub- standard asset was 18.65; doubtful was 18.65; loss asset was 62.69. From this analysis, it can be said that the proportion of loss asset has increased from 2013 to 2017 which shows that the banks was unable to recovery the NPA during the period. But the bank has attained efficiency in loan management i.e sanctioning, servicing of loan which result is reduction of fresh NPA.

Table no. 11: Comparison of NPA OF SBI as a whole and Sivasagar Branch

Year	NPA of SBI as a whole	NPA of SBI Sivasagar Branch
2013	4.75	3.6805033
2014	4.95	2.169367148
2015	4.36	1.373895093
2016	6.71	0.74310115
2017	6.90	0.355112413

Figure 25: Comparison of NPA OF SBI as a whole and Sivasagar Branch
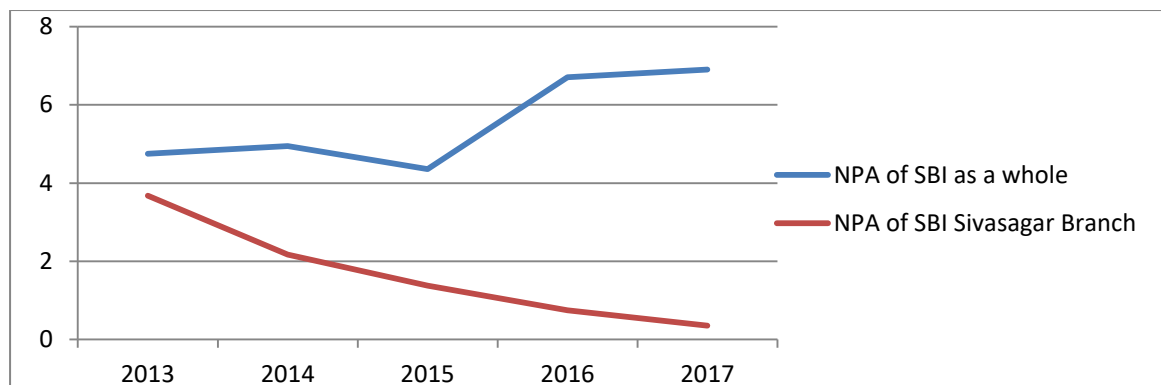
From the table 11 and the figure 25 it is found that the NPA ratio of SBI as whole has increase over the period whereas the the NPA ratio of SBI, Sivasagar Branch has decreased to a great extend. Thus we can say that the SBI, Sivasagar Branch is performing efficiently as the NPA of this branch is far below the national average (SBI, all India level).

VIII. FINDING, SUGGESTION & CONCLUSION

8.1 Findings

1. The SBI branch is offering various types of loan namely personal loan, education loan, business loan, agricultural loan, home loan, vehicle loan and different other types of loan which includes micro level and small loan for different purposes. In all the sector the quantum of loan has increased except in case of agricultural loan where the trend is decreasing.

2. Over the period of 5 years i.e. from 2013 to 2017 the SBI, Sivasagar Branch is found to be successful in reducing its NPA. The overall NPA ratio of the Branch has reduced from 3.68 in 2013 to 0.35 in 2017. The reason behind the decrease in NPA ratio are:

a) The bank is able to collect its debts well in the recent time as a result of which there is a very less addition of fresh NPA.

b) Written off of accumulated NPA as per the Asset Classification norms.

3. In both priority and Non priority sector the SBI, Sivasagar Branch has able to reduce its NPA over the study period. Comparing the two it can be said that the performance in Non priority sector is better than the priority sector. As we have found that the NPA ratio relating to Non priority Sector is below the Total NPA ratio whereas in case of Priority sector the ratio is double that of the total NPA ratio.

4. In different types of Loans such as Personal, Education, Home, Vehicle, Business the Branch is found to be achieving efficiency in maintaining its loan asset as it is found that the loans in this sector has increased and the NPA is declining over the study period. This is because of the reason that the loans provided by the branch in the recent time has not turn bad which shows the efficiency in loan Management and also due to the writing off of accumulated NPA.

5. The bank has a problem in maintaining its Agricultural loan. We have found that the NPA ratio is fluctuating over the study period and from 2016 it is again raising. The agricultural Loan is basically the crops loans which are required to be paid back at the end of the crop season at a single instalment. In most of the cases the loans are not paid back resulting in NPA's. Comparing 2017 NPA with 2013 there is a decline which is the result of writing off of NPA in recent Years.

6. Considering the proportion of NPA of different Loans in total NPA it found that with the decline in NPA in different loans the agricultural loan proportion is increasing and it is more than the half of the total NPA in 2017. This shows that branch is unable to control its NPA arising from Agricultural Sector. More over combining agricultural loan with others which includes priority sector small business loan, micro credit, micro housing loan etc it is 74% of total npa in 2017. This means that there is a problem relating to priority sector lending. The reasons for these are miss utilisation of loan, wilful defaults etc.

7. Looking into the NPA classification over the study period it was found that the sub standard asset has decrease which is due to the reason that fresh NPA i.e. defaulters of repaying loan has decrease over the years which shows the efficiency of the branch in managing its loan assets. On the other hand increase in the loss asset over period shows that the branch has failed in recovery of NPA during the period resulting in writing off of loans.

8. Considering the NPA ratio of SBI as a whole it is found that the Sivasagar Branch NPA ratio is far below which shows that the SBI Sivasagar branch is performing well in managing its loan Assets.

8.2 Suggestion:

1. Proper emphasis must he given in recovery of NPA. The branch must take proper steps at the early stage i.e. once the asset becomes sub standard so as to strengthen its NPA recovery.

2. Proper pre and post evaluation of loan must be made in case of agriculture and allied activities so that the loans becoming NPA can be reduced in thus sector.

8.3 Conclusion:

Non-performing Asset is a burning problem affecting the banking sector. It affects profitability, liquidity and solvency, in addition posing threat on quality of asset and survival of banks. It still remains a major concern for banks in India. In this study we have analysed the data related to NPA of SBI to a period of 2013 to 2017. It was found that there is a decline in the NPA of the bank over the study period. Considering the NPA on different types of Loans there is stiff decline in the NPA over the period except the Agricultural Sector where the Bank is facing problem in recovery of debts. Among the two sectors Priority Sector Contributed more than 3 times of the NPA arising from non Priority sector. Regarding the recovery of the NPA the banks has failed to recover leading to increase in loss asset and writing off of loans. To conclude it can be said that the SBI, Sivasagar is performing efficiently in its loan Management Process leading to reduce in NPA over the Period and is also found to be performing better than the performance of SBI as a whole in reducing its NPA. But they must consider the recovery of NPA and the issue relating to agricultural loan for reducing the loss suffered by the Bank due to NPA to the least possible extent.

REFERENCES

Journals

[1]   Kalpesh Gandhi (2015), Non Performing Assets: A study of State Bank of India. International Journal of Research in all Subjects in Multi Languages. Vol. 3, Issue: 3, pp. 24-29

[2]   Dr. D. Ganesan R. Santhanakrishnan(October 2013) Non-Performing Assets: A Study of State Bank of India. Asia Pacific Journal Of Research

[3]   Mayur rao and Ankita patel (2015), A Study on non-performing assets management with reference to public sector banks, private sector banks and foreign banks in India. Journal of management and science. Vol. 5, no. 1,

[4]   Sameer S. Manek (2015) "Non Performing Assets – Analysis of UCO Bank", International Journal of Research in Humanities & Social Sciences, Vol. 3, no. 2, pp. 55-59

[5]   Suresh Patidar and AshwiniKataria (2012) "An Analysis of NPA in Priority Sector Lending: A Comparative Study between Public Sector Banks and Private Sector Banks of India", EISSN, Vol. 3, No. 1, pp. 54-69

[6]   Gupta, B., "A Comparative Study of Non-Performing Assets of SBI & Associates & Other Public Sector Banks", SIT Journal of Management, Vol. 2, No. 3, PP. 175-189, 2012.

Reports:

[1]   Financial stability report retrieve from: https://rbi.org.in/Scripts/FsReports.aspx

[2]   Master Circular- Income Recognition, Asset Classification, Provisioning and Other Related Matters retrieve from: https://www.rbi.org.in/SCRIPTs/BS_ViewMasCirculardetails.aspx?id=8996