A Project Work on

"COMPARATIVE STUDY ON NPA OF SELECTED PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN INDIA"

Submitted To

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In partial fulfillment of the Requirements for the Degree of

Master of Commerce

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Certificate

This is to Certify that the Project work Titled **"Comparative Study on NPA of Selected Public Sector and Private Sector Banks in India"** is an original record of field works done by **Ms Raksha Annappa Naik** with Registration No.**19C011050** in a partial fulfillment of the award of degree of **Master of Commerce** of the **Karnatak University, Dharwad** during 2020-21. The project satisfies the academic requirements in respect of project work prescribed for the Degree of **Master of Commerce** and is a record of her own independent work.

This project is based on the studies carried out by her and has not been submitted to any other University or Institution for the award of any degree or diploma.

13/09/2021

Project Guide

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Introduction

Project report is based on "comparative study on NPA of selected Public sector and private sector bank" with the purpose of comparing the increasing NPA's between public sector and private sector bank. As in this report study of NPA is done, so Non Performing Assets Means the debt which is given by the bank is unable to recover is Called NPA. Non Performing Asset is a result of asset liability mismatch. A NPA account in the books of account is an asset as it Indicates the amount receivable from the defaulters. It means if any bank gives loan to the customer if he interest for that loan is not paid by the customer till 90 days then that account is called as NPA Account. As the analysis done is of banking sector so we must know about banking. Banking means "accepting deposits for the purpose of lending or Investment of deposits of money from the public, Repayable on demand or otherwise and withdraw by cheque, draft or Otherwise". In India, both private and public segment give credit to the distinctive segments. But today's banking sector faces hurdle in their development i.e., an expanding drift of Non performing assets. The main aim of the study is to discover the drift of gross NPA and net NPA. For this study I have selected four banks, i.e., SBI and PNB as public sector bank and AXIS and HDFC as private sector bank.

Objectives:-

- To understand the concept of non-performing assets of public sector and private sector banks.
- To study the level of NPAs in public and private sectors bank in India.
- To study the reasons and impact of NPA in India.
- To assess the comparative position of NPAs in public and private sector categories of Indian banking.

Suggestion:

- All banks should keep stringent check on advances being made during the time.
- Public sector should focus more on recovery of doubtful asset.
- RBI should revise existing credit appraisals and monitoring systems.
- Good management needed on the side of banks to decrease the level of NPA
- The banks, rather than giving credits to small agriculturists, should make arrangements to give them protection approaches for crop protection and income security.
- Proper selection of borrowers and follow ups required to get timely payment.
- Bank should follow all the credit policy of the government and take timely actions against NPA.

Conclusion:

The issue of NPA is a serious issue and is unsafe for banks because it crushes the sound financial position and decreases productivity. It is difficult to completely reduce the NPA from banks. After the comparison it is found that NPA is more in public sector banks i.e., Punjab National Bank (PNB) in India and it has negatively affected the profitability of the banks, because PNB has negative correlation between Net NPA and Net Profit. It has been found that there is a significant difference between SBI and HDFC with respect to gross NPA ratio and net NPA ratio. HDFC bank performs superior to SBI as its gross NPA and net NPA proportions are exceptionally lower than SBI. It also has more ROA. According to this comparison between selected public sector and private sector banks in India, it is clear that NPA is one of the major issues of public sector banks as well as government. Now the Reserve Bank of India (RBI) has been increased to take measures and actions against NPA in banks. There is need to focus on NPA of every public sector bank in India.