AN EVALUATION, COMPARISON AND MANAGEMENT OF NON PERFORMING ASSETS (NPA) IN STATE BANK OF INDIA & ITS ASSOCIATES

Dr.N.Santhi Ph.D.

Assistant Professor of Commerce, Rabiammal Ahamed Maideen College for women, Thiruvarur

ABSTRACT

Banks should establish appropriate internal systems to eliminate the tendency to delay or postpone the identification of NPAs, especially in respect of high value accounts. The banks may fix a minimum cut off point to decide what would constitute a high value account depending upon their respective business levels. The cutoff point should be valid for the entire accounting year. Responsibility and validation levels for ensuring proper asset classification may be fixed by the banks. The system should ensure that doubts in asset classification due to any reason are settled through specified internal channels within one month from the date on which the account would have been classified as NPA as per extant guidelines. The classification of an asset as NPA should be based on the record of recovery. Bank should not classify an advance account as NPA merely due to the existence of some deficiencies which are temporary in nature such as non-availability of adequate drawing power based on the latest available stock statement, balance outstanding exceeding the limit temporarily, non-submission of stock statements and non-renewal of the limits on the due date, etc.

INTRODUCTION

The financial health of Commercial Banks and to make their functioning efficient and profitable, the Government of India appointed a committee called "The Committee on Financial System " under chairmanship of Shri M. Narasimham Committee, ex Governor of Reserve Bank of India which made recommendations in November 1991. The committee laid down a blueprint of financial sector reforms, recognized that a vibrant and competitive financial system was central to the wide ranging structural reforms. In order to ensure that the financial system operates on the basis of operational flexibility and functional autonomy, with a view to enhance efficiency, productivity and profitability, the committee recommended a series of measures aimed at changes according to greater flexibility to Bank operations, especially in phasing out statutory stipulations, directed credit programs, improving assets quality, institution of prudential norms, greater disclosures, better housekeeping, in terms of accounting practices.

In the words of Bimal Jalan, ex Governor of RBI, "the Central Bank considered accounting standards for market discipline and gave road map for financial institutions to improve their assets quality. Also such norms were set for financial institutions to modernise understanding about not only capital adequacy & provisioning but also introduce risk management and exposure disclosure for financial reporting" The recommendations are a landmark in the evolution of Banking system. The reform introduced since 1992-93 breathed a fresh air in the Banking sector. Deregulation and liberalization encouraged Banks to go in for innovative measures, develop business and earn profits. These reforms, the Narasimham Committee one felt, will improve the solvency, health and efficiency of institutions. The measures were aimed at (a) Ensuring degree of operational flexibility (b) Internal autonomy for Public Sector Banks in their decision making process and (c) Greater degree of professionalism in Banking operations.

Recommendation of M. Narasimham Committee, RBI provides the necessary impetus by issuing host of the guideline instructions to Banks since April 1992. Very clear emphasis was laid by RBI on adopting uniform accounting practices in line with the International Standard so that efficient assets management and adequate provisioning for classified non- performing assets is made thus more transparent balance sheet of the Indian Banking System can be showcased in the International market to take on global competition. Now it is not possible for anybody to manipulate and present a rosy picture even if the Bank is actually not in good financial status.

OPERATIONAL DEFINITION

Gross NPA: Gross NPAs are the sum total of all loan assets that are classified as NPAs as per RBI guidelines as on Balance Sheet date. Gross NPA reflects the quality of the loans made by banks. It consists of all the nonstandard assets like as sub-standard, doubtful, and loss assets.

Net NPA: Net NPAs are those type of NPAs in which the bank has deducted the provision regarding NPAs. Net NPA shows the actual burden of banks. Since in India, bank balance sheets contain a huge amount of NPAs and the process of recovery and write off of loans is very time consuming, the provisions the banks have to make against the NPAs according to the central bank guidelines, are quite significant. That is why the difference between gross and net NPA is quite high. It can be calculated by following:

Net NPAs = Gross NPAs – Provisions

IMPACT OF NON PERFORMING ASSETS (NPA'S)

To protect the interest of share holders: Members of the bank are true owners of bank. They contribute or invest their amount in banks to earn dividend. Being amount of NPA with their amount in banks to earn dividend because high amount of NPAs means earning assets are on deterioration consequently, means lower income of banks that will make unable to satisfy the members by paying high rate of dividend.

To protect the interest of depositors: Depositors are the key person of the banks because of their deposits the banks are able to lend to borrowers. Depositors want consistence interest income on their deposits. When their deposits, advanced to borrowers, which would, later on, if become a NPA, banks would be unable to pay timely interest to depositors will switch of their deposits from one bank to another bank which is not commendable for particular bank. Thus it is very important for banks to manage efficiently their advances, which are likely to turn into NPAs.

For profitability: Non – performing Assets means an asset, which cease to generate any income. Thus more and more NPA will reduce the income of banks as interest which is main component of banks income thus it will jeopardize the profitability or return on assets consequently it will be constraint for banks growth.

High provision: Higher NPA leads banks to compel higher provision for „Bad Debts Reserve as per the norms of RBI. Provision will be done by realized profit and NPA will block the actual profit of banks for current year thus NPA has a dual effect i.e. not realization of interest income and separate provision for NPA from Profit & Loss account.

Creditworthiness of the Banks: NPA works as a tool for worthiness of particular bank. If banks are having high NPA level then it will be very difficult to raise additional funds from market. It will make bad impression of banks on people.

OBJECTIVES OF THE STUDY

1. To compare the Gross NPA, Net NPA and provisions of SBI & its associates.
2. To study the impact of NPA on banks.
3. To access the evaluation, comparison and management of NPA's of Bank.
4. To study the general reasons for assets to become Non-performing assets.
5. To offer suggestions based on findings of the study.

RESEARCH METHODOLOGY

This study used historical data to study the impact of the independent variable advances, on the dependent variables which were the gross & net NPA% of a midsized Indian bank. The study was conducted with secondary data over the past ten year period i.e. from the financial year 2005-06 to 2014-15. Historical data on the gross & net NPA were obtained from figures published by the Reserve Bank of India (www.rbidocs.rbi.org.in/rdocs/Publications).

The researcher has considered the following important variables in the Non Performing Assets (NPA) *such as Gross Advances, Net Advances, Gross NPA, Net NPA, and Provisions.* The following statistical techniques have been used for the present study. Statistical tools namely

1. Percentage (%) of Annual Growth Rate
2. Summary Statistics, *(min, max, mean, SD, CV% and CAGR) and*
3. Analysis of Variance (ANOVA)

In this analysis based on NPA, detailed analyses of the collected data have been attempted as per the objectives stated earlier. Hypotheses have also been tested based on the findings of the study and interpretations and conclusions have been drawn. In this chapter detail analysis of the ''AN **EVALUATION, COMPARISON AND**

MANAGEMENT OF NON PERFORMING ASSETS (NPA) IN STATE BANK OF INDIA & ITS ASSOCIATES''.
1.State Bank of Bikaner & Jaipur (SBBJ), 2. State Bank of Hyderabad (SBH), 3.State Bank of India (SBI), 4.State Bank of Mysore (SBM), 5.State Bank of Patiala (SBP) and, 6.State Bank OF Travancore (SBT).

TABLE – 1- STATE BANK OF BIKANER & JAIPUR FROM 2006 to 2015 (Amt. in Rs. Crore)

March 31 Year	Gross NPA	#AGR	Net NPA	AGR	Provision	AGR
2006	3887	-	1872	-	2015	-
2007	4630	19.11	2228	19.02	2402	19.21
2008	4373	**-5.55**	2091	**-6.15**	2282	**-5.00**
2009	4903	12.12	2529	20.95	2374	4.03
2010	6119	24.80	2702	6.84	3417	43.93
2011	8354	36.53	3413	26.31	4941	**44.60**
2012	16515	**97.69**	9454	**177.00**	7061	42.91
2013	21195	28.34	13041	37.94	8154	15.48
2014	27332	28.95	17709	35.79	9623	18.02
2015	29451	7.75	17692	-0.10	11759	22.20

Source: RBI Bulletin complied by researcher   # AGR=%of Annual Growth Rates

The above table 1 shows that State Bank of Bikaner & Jaipur Gross NPA had highest growth in percentage terms at 97.69% in 2012 whereas lowest growth rate was marked at -5.55% in the year 2008, followed by Net NPA the highest % growth was recorded during the year 2012 at 177% and lowest recorded at -6.15% in the year 2008, and the Provisions of the bank the highest growth rate was obtained at 97.69% in 2012 and lowest growth rate was obtained -5.55 in the year 2008. However, State Bank of Bikaner & Jaipur had negative growth in Gross NPA, Net NPA and Provisions during the study period.

TABLE – 2- STATE BANK OF HYDERABAD FROM 2006 to 2015 (Amt. in Rs. Crore)

March 31 Year	Gross NPA	#AGR	Net NPA	AGR	Provision	AGR
2006	4531	-	754	-	3777	-
2007	3508	**-22.58**	613	-18.70	2895	**-23.35**
2008	3119	-11.09	570	-7.01	2549	-11.95
2009	4534	45.37	1658	**190.88**	2876	12.83
2010	6490	43.14	2889	74.25	3601	25.21
2011	11505	77.27	5627	94.77	5878	63.23
2012	20074	74.48	10020	78.07	10054	71.04
2013	31860	58.71	14487	44.58	17373	**72.80**
2014	58242	**82.81**	29849	106.04	28393	63.43
2015	49848	-14.41	23485	**-21.32**	26363	-7.15

Source: RBI Bulletin complied by researcher   # AGR=%of Annual Growth Rates

The above table 2 narrates that State Bank of Hyderabad Gross NPA had uppermost growth in percentage terms at 82.81% in 2014 whereas lowly growth rate was striking at -22.58% in the year 2007, followed by Net NPA the top % growth was witnessed during the year 2009 at 190.88% and deprived recorded at -21.32% in the year

2015, and the Provisions of the bank the highest growth rate was acquired at 72.8% in 2013 and lowest growth rate was obtained -23.55 in the year 2007. However, State Bank of Hyderabad had negative growth in Gross NPA, Net NPA and Provisions during the study period.

TABLE – 3- STATE BANK OF INDIA FROM 2006 to 2015 (Amt. in Rs. Crore)

March 31 Year	Gross NPA	#AGR	Net NPA	AGR	Provision	AGR
2006	96281	-	49114	-	47167	-
2007	99982	3.84	52577	7.05	47405	0.50
2008	128373	28.40	74243	41.21	54130	14.19
2009	157140	22.41	96774	30.35	60366	11.52
2010	195349	24.32	108702	12.33	86647	43.54
2011	253263	29.65	123469	13.58	129794	49.80
2012	396765	**56.66**	158189	28.12	238576	**83.81**
2013	511894	29.02	219565	38.80	292329	22.53
2014	616054	20.35	310961	**41.63**	305093	4.37
2015	567253	**-7.92**	275906	**-11.27**	291347	**-4.51**

Source: RBI Bulletin complied by researcher   # AGR=%of Annual Growth Rates

The above table 3 views that State Bank of India Gross NPA had topmost growth in percentage terms at 56.66% in 2012 whereas humble growth rate was prominent at -7.92% in the year 2015, followed by Net NPA the top % growth was viewed during the year 2014 at 41.63% and disadvantaged recorded at -11.27% in the year 2015, and the Provisions of the bank the premier growth rate was acquired at 83.81% in 2012 and lowest growth rate was recorded -4.51 in the year 2015. However, State Bank of India had negative growth in Gross NPA, Net NPA and Provisions during the study period.

TABLE – 4- STATE BANK OF MYSORE FROM 2006 to 2015 (Amt. in Rs. Crore)

March 31 Year	Gross NPA	#AGR	Net NPA	AGR	Provision	AGR
2006	3981	-	865	-	3116	-
2007	3838	-3.59	749	-13.41	3089	-0.87
2008	5209	35.72	2170	**189.72**	3039	-1.62
2009	3676	**-29.43**	1291	**-40.51**	2385	**-21.52**
2010	5953	61.94	2998	132.22	2955	23.90
2011	8637	45.09	4679	56.07	3958	33.94
2012	15026	**73.97**	7684	64.22	7342	**85.50**
2013	20806	38.47	12088	57.31	8718	18.74
2014	28189	35.48	16303	34.87	11886	36.34
2015	21364	-24.21	11216	-31.20	10148	-14.62

Source: RBI Bulletin complied by researcher   # AGR=%of Annual Growth Rates

The above table 4 shows that State Bank of Mysore Gross NPA had peak growth in percentage terms at 73.97% in 2012 whereas poor growth rate was prominent at -29.43% in the year 2009, followed by Net NPA the crown % enlargement was viewed during the year 2008 at 189.72% and deprived recorded at -40.51% in the year 2009, and the Provisions of the bank the leading growth rate was gained at 85.5% in 2012 and lowest growth rate was recorded -21.52 in the year 2009. However, State Bank of Mysore had negative growth in Gross NPA, Net NPA and Provisions during the study period.

TABLE – 5- STATE BANK OF PATIALA FROM 2006 to 2015 (Amt. in Rs. Crore)

March 31 Year	Gross NPA	#AGR	Net NPA	AGR	Provision	AGR
2006	5430	-	2204	-	3226	-
2007	5244	-3.43	2384	8.17	2860	-11.35
2008	1753	**-66.57**	1109	**-53.48**	644	**-77.48**
2009	5739	**227.38**	2636	**137.69**	3103	**381.83**
2010	10066	75.40	4827	83.12	5239	68.84
2011	13817	37.26	6208	28.61	7609	45.24
2012	18878	36.63	8484	36.66	10394	36.60
2013	24530	29.94	11942	40.76	12588	21.11
2014	37584	53.22	24045	101.35	13539	7.55
2015	43597	16.00	30492	26.81	13105	-3.21

Source: RBI Bulletin complied by researcher   # AGR=%of Annual Growth Rates

The above table 5 illustrates that State Bank of Patiala Gross NPA had highest growth in percentage terms at 227.38% in 2009 whereas lowest growth rate was marked at -66.57% in the year 2008, followed by Net NPA the highest % growth was recorded during the year 2009 at 137.69% and lowest recorded at -53.48% in the year 2008, and the Provisions of the bank the highest growth rate was obtained at 381.83% in 2009 and lowest growth rate was obtained -77.48 in the year 2008. However, State Bank of Patiala had negative growth in Gross NPA, Net NPA and Provisions during the study period.

TABLE – 6- STATE BANK OF TRAVANCORE FROM 2006 to 2015 (Amt. in Rs. Crore)

March 31 Year	Gross NPA	#AGR	Net NPA	AGR	Provision	AGR
2006	6100	-	2765	-	3335	-
2007	5401	-11.46	2676	-3.22	2725	**-18.29**
2008	5708	5.68	2677	0.04	3031	11.23
2009	5260	-7.85	1875	**-29.96**	3385	11.68
2010	6420	22.05	3504	86.88	2916	-13.86
2011	8352	30.09	4510	28.71	3842	31.76
2012	14888	**78.26**	8536	89.27	6352	**65.33**
2013	17499	17.54	9886	15.82	7613	19.85
2014	30769	75.83	19285	**95.07**	11484	50.85
2015	23571	**-23.39**	13987	-27.47	9584	-16.54

Source: RBI Bulletin complied by researcher   # AGR=%of Annual Growth Rates

The above table 6 demonstrates that State Bank of Travancore Gross NPA had highest growth in percentage terms at 78.26% in 2012 whereas lowest growth rate was marked at -23.39% in the year 2015, followed by Net NPA the highest % growth was recorded during the year 2014 at 95.07% and lowest recorded at -29.96% in the year 2009, and the Provisions of the bank the highest growth rate was obtained at 65.33% in 2012 and lowest growth rate was obtained -18.29 in the year 2007. However, State Bank of Patiala had negative growth in Gross NPA, Net NPA and Provisions during the study period.

TABLE – 7- GROSS NPA -SUMMARY OF STATISTICS

SL.NO	SBI & its Associates	MIN	MAX	MEAN	SD	CV%	CAGR
1	SBBJ	3887	29451	12675.9	10091.4	79.61	25%
2	SBH	3119	58242	19371.1	20494.4	**105.80**	**31%**
3	SBI	96281	616054	**302235**	202769	67.09	22%
4	SBM	3676	28189	**11667.9**	9003.54	77.17	21%
5	SBP	1753	43597	16663.8	14452.1	86.73	26%
6	SBT	5260	30769	12396.8	9012.25	**72.70**	16%

Source: RBI bulletin complied by researcher

The above table 7 observes that the mean of amount of Gross NPA ranges from Rs. 11667.9 to Rs. 302235 during the study period among the SBI & its associates. The SBI Banks had higher mean amount Gross NPA and SBM had least mean amount of Gross NPA during the period of study. The SBT banks showed least coefficient of variation indicating the consistent performance in the Gross NPA and SBH highest coefficient of variation indicating the inconsistent performance in the Gross NPA. Among the SBI & its associates, SBH had least compound annual growth rate during the study period. *The researcher concludes that Gross Non Performing Assets steady growth in* SBI & its associates *because of decision making, rules and regulation, role of employees, loan policy and recovery of loans is good where as other public sector, foreign banks and private sector banks.*

ANALYSIS OF VARIANCE -ANOVA : Analysis of Variance, abbreviated as ANOVA, was developed by R.A.Fisher; in fact the F-test was named in his honour. R.A.Fisher emphasized the important of randomness, that is, identical sample size is not required for single-factor ANOVA, but the sample sizes should be nearly equal as possible. The single factor ANOVA is said to represent a **completely randomized experimental design.**

$$f_c = \frac{between\ samples\ variance}{within\ samples\ variance}$$

H_o: all population means are the same (or effects of all treatments are the same)
H_1: all population means are not the same (or effects of all treatments are not the same)

Between samples variance is large when the effects of all the treatments are different. In such a case the computed *F* is large and likely to reject the null hypothesis. Therefore, this test is a right tailed test.

ONE WAY ANOVA: Under the one-way ANOVA, consider only one factor and then observe the reason for said factor to be important is that several possible types of can occur within that factor.

F-Ratio: This F-ratio works as the test statistic and follows snedico's f-distribution with (k-1), (n-k) degree of freedom. A distributed the test is a right tailed test. Therefore reject the null hypothesis that all the population means (0r the effects of all the treatments) are the same at given level of significance when the computed value of F-ratio is greater than the critical value.

ANOVA– GROSS NON PERFORMING ASSETS

H_0: Null Hypothesis: There is no significant difference in the mean Gross NPA among different SBI & its associates during the study period.

H_1: Alternative hypothesis: There is significant difference in the Gross NPA among different SBI & its associates during the study period.

TABLE – 8 - GROSS NPA-SUMMARY OF THE SBI & ITS ASSOCIATES

Groups	*Count*	*Sum*	*Average*	*Variance*	*#RANK*
SBBJ	10	126759	12675.9	101836461	3
SBH	10	193711	19371.1	420021118	5
SBI	10	3022354	302235.4	41115164026	**6**
SBM	10	116679	11667.9	81063652	**1**
SBP	10	166638	16663.8	208862262	4
SBT	10	123968	12396.8	81220713	2

Source: RBI Bulletin   **[# rank least variance basis]**

The above table explains that gross NPA of summary of the SBI & its associates. It reveals that highest rank is 'SBI' *and lowest rank is* 'SBM'. Hence, the researcher concludes that "*A high degree of variation would mean little uniformity or consistency whereas a low degree of variation would mean great uniformity or consistency" in this study area".*

TABLE – 9 - GROSS NPA-ANOVA RESULT

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	6.9011E+11	5	1.3802E+11	19.71	0.00*	2.39
Within Groups	3.7807E+11	54	7001361372			
Total	1.0682E+12	59				

Source: RBI Bulletin   ***5% level of significance [(*$P<0.05$*) i.e., Rejected]***

The results of ANOVA are given in different Gross NPA of SBI & its associates in India. The significance of variance, i.e., *P*-value, given under the head Sig. is 0.000. Since, the significance value 0.000 is less than 0.05 ($p<0.05$), the variance between different experimental conditions is significant. There is significant difference in the Gross NPA among different SBI & its associates during the study period.

TABLE – 10- GROSS NPA -SUMMARY OF STATISTICS

SL.NO	SBI & its Associates	MIN	MAX	MEAN	SD	CV%	CAGR
1	SBBJ	1872	17709	7273.1	6627.11	91.12	28%
2	SBH	570	29849	8995.2	10475.8	**116.46**	47%
3	SBI	49114	310961	**146950**	92631.2	**63.04**	21%
4	SBM	749	16303	**6004.3**	5525.69	92.03	33%
5	SBP	1109	30492	9433.1	10073.3	106.79	34%
6	SBT	1875	19285	6970.1	5872.98	84.26	20%

Source: RBI bulletin complied by researcher

The above table 10 refers that the mean of amount of Net NPA ranges from Rs. 6004.3 to Rs. 146950 during the study period among the SBI & its associates. The SBH had higher mean amount Net NPA and SBM had least mean amount of Net NPA during the period of study. The SBI showed least coefficient of variation indicating the consistent performance in the Net NPA and the SBH highest coefficient of variation indicating the inconsistent performance in the Net NPA. Among the SBI & its associates, SBH had highest compound annual growth rate during the study period. *The researcher concludes that Net Non Performing Assets steady growth in* SBI & its associates *is good where as other public sector Banks, Private sector Banks and foreign banks in India.*

ANOVA– NET NON PERFORMING ASSETS

H₀: Null Hypothesis: There is no significant difference in the mean NET NPA among different SBI & its associates during the study period.

H₁: Alternative hypothesis: There is significant difference in the NET NPA among different SBI & its associates during the study period.

TABLE – 11 - NET NPA-SUMMARY OF THE SBI & ITS ASSOCIATES

Groups	Count	Sum	Average	Variance	#RANK
SBBJ	10	72731	7273.1	43918597	3
SBH	10	89952	8995.2	109741440	5
SBI	10	1469500	146950	8580540346	6
SBM	10	60043	6004.3	30533304	1
SBP	10	94331	9433.1	101470955	4
SBT	10	69701	6970.1	34491891	2

Source: RBI Bulletin   **[# rank least variance basis]**

The above table explains that NET NPA of summary of the SBI & its associates. It reveals that highest rank is *'SBI' and lowest rank is 'SBM'.* Hence, the researcher concludes that "*A high degree of variation would mean little uniformity or consistency whereas a low degree of variation would mean great uniformity or consistency" in this study area".*

TABLE – 12 - GROSS NPA-ANOVA RESULT

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.6159E+11	5	3.232E+10	21.79	0.00*	2.39
Within Groups	8.0106E+10	54	1.483E+09			
Total	2.417E+11	59				

Source: RBI Bulletin   ***5% level of significance [(*P<0.05) i.e., Rejected*]**

The results of ANOVA are given in different NET NPA of SBI & its associates in India. The significance of variance, i.e., *P*-value, given under the head Sig. is 0.000. Since, the significance value 0.000 is less than 0.05 (*p*< 0.05), the variance between different experimental conditions is significant. There is significant difference in the NET NPA among different SBI & its associates during the study period.

TABLE – 13- PROVISIONS -SUMMARY OF STATISTICS

SL.NO	SBI & its Associates	MIN	MAX	MEAN	SD	CV%	CAGR
1	SBBJ	2015	11759	**5402.8**	3528.96	65.32	22%
2	SBH	2549	28393	10375.9	10068.7	**97.04**	**24%**
3	SBI	47167	305093	**155285**	112844	72.67	22%
4	SBM	2385	11886	5663.6	3527.3	62.28	14%
5	SBP	644	13539	7230.7	4861.21	67.23	17%
6	SBT	2725	11484	5426.7	3162.41	**58.27**	12%

Source: RBI bulletin complied by researcher

The above table 13 observes that the mean of amount of provisions ranges from Rs. 5402.8 to Rs. 155285 during the study period among the SBI & its associates. The SBI had higher mean amount provisions and SBBJ had least mean amount of provisions during the period of study. The SBT showed least coefficient of variation

indicating the consistent performance in the provisions and SBH highest coefficient of variation indicating the inconsistent performance in the provisions. Among the SBI & its associates, SBH had least compound annual growth rate during the study period. *The researcher concludes that provisions balanced growth in* SBI & its associates *is excellent where as other public sector banks, private sector banks, and foreign banks in India.*

ANOVA– PROVISIONS
H_0: **Null Hypothesis:** There is no significant difference in the mean provisions among different SBI & its associates during the study period.
H_1: **Alternative hypothesis:** There is significant difference in the provisions among different SBI & its associates during the study period.

TABLE – 14 - NET NPA-SUMMARY OF THE SBI & ITS ASSOCIATES

Groups	Count	Sum	Average	Variance	#RANK
SBBJ	10	54028	5402.8	12453530	3
SBH	10	103759	10375.9	101379430	5
SBI	10	1552854	155285.4	12733807373	6
SBM	10	56636	5663.6	12441850	2
SBP	10	72307	7230.7	23631369	4
SBT	10	54267	5426.7	10000812	1

Source: RBI Bulletin   [# rank least variance basis]

The above table views that provision of summary of the SBI & its associates. It reveals that highest rank is *'*SBI*' and lowest rank is '*SBT*'.* Hence, the researcher concludes that "*A high degree of variation would mean little uniformity or consistency whereas a low degree of variation would mean great uniformity or consistency" in this study area".*

TABLE – 15 - GROSS NPA-ANOVA RESULT

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.8386E+11	5	3.677E+10	17.11	0.00*	2.39
Within Groups	1.1604E+11	54	2.149E+09			
Total	2.9991E+11	59				

Source: RBI Bulletin   *5% level of significance [($P<0.05$) i.e., Rejected]

The results of ANOVA are given in different provisions of SBI & its associates in India. The significance of variance, i.e., *P*-value, given under the head Sig. is 0.000. Since, the significance value 0.000 is less than 0.05 ($p<$ 0.05), the variance between different experimental conditions is significant. There is significant difference in the provisions among different SBI & its associates during the study period.

SUGGESTIONS OF THE STUDY
1. A prudent banker is cautious in investing his funds so as to bring maximum benefits to the shareholders without affecting the depositors. Therefore, the banker should not be lenient the guiding principles of investment policy are safety, liquidity and profitability.
2. The social control and nationalization of banks have transformed the concept of bank lending. Therefore bankers should attention towards increase growth of banks and also increase share value for the further period.
3.   The term 'safety' is inter-related with security. Since a banker deals with other people's money, the banker should ensure the safety of such funds and security of such depositors. Therefore, the banker is not reckless in investment policy because of to meet banker's commitment and consequently loses the confidence of the depositors.
4. The banker can exercise some degree of control over his customer's behavior.

5. Failure to collect loan may lead to sufficient funds at the hands of the banks, leading to serious consequences like bank failure. Hence, the banker should be failure to avoid collecting loan and increasing efficiency to collect bank loans.

6. All the customers demand withdrawal of their deposits at the same time no bank can survive as they will not have adequate cash to pay back the depositors although the bank may be solvent at the point of time. Therefore, a bank should be careful in the use of its funds without giving any opportunity at any time to lose faith in the banking system.

7. The bank invests all its resources, it may not be able to meet the demands of the depositors. Therefore, it should maintain a portion of the deposits and avoid NPA.

8. The banker should have confidence in the ability of the borrower to make use of the funds in an advantages manner. Therefore, banker may consult the technician about the feasibilities of the project.

9. A good proposal would facilitate continuous recycling of funds in preference to locking up of funds.

10. The bank may look for refinancing funds like that other nationalized banks in India/Outside India.

LIMITATIONS OF THE STUDY
1. The study cover NPA' in SBI & its associates,
2. The study analyzed Gross NPA, Net NPA and Provisions,
3. The study referred that secondary sources only and data obtained from RBI bulletin,
4. The study observed only a decade period.

CONCLUSION
A strong banking sector is important for a flourishing economy. The failure of the banking sector may have an adverse impact on other sectors too. The Indian banking system, which was operating in a closed economy, now faces the challenges of an open economy. On one hand, a protected environment ensured that banks never needed to develop sophisticated treasury operations and asset liability management skills. On the other hand a combination of directed lending and social banking pushed profitability and competitiveness to the background. The net result was unsustainable NPAs and consequently a higher effective cost of banking services. Some of the reasons for an account becoming NPA include, lack of proper enquiry by the bank before sanctioning loans/advances to the customer, non performance of the business for the purpose of which the customer has taken the loans/advances, willful defaulters, loans sanctioned for agricultural purposes that were not paid back by farmers etc leads to NPA's.

REFERNCES
1. *Prof. D. Suryachandra Rao , "Banking Reforms in India: An Evaluative Study of the Performance of Commercial Banks" , 2008, Regal Publication. Pp 58.*
2. *Jalan Bimal (2003), "Strengthening Indian Banking and Finance : Progress and Prospects", IBA Bulletin, Special Issue, Vol. XXV, No-03, March 2003, PP-06.*
3. *Dutt Rudra and Sundaram, K.P.M.(2004),"Indian Economy", S.Chand and Company, New Delhi,PP-843.*
4. *Avadhani V.A. (1978), Studies In Indian Financial System, Jaico Publications, Mumbai, PP-34.*
5. *Dr. Mrs Murthy .S, "Financial Sector Reforms and Economic Growth In India", UBSPD, New Delhi.*
6. *Das Debendra Kumar, " Financial Sector Reforms, Tax System and Development, UBSPD, New Delhi, PP- 134.*
7. *Abhinav, National Monthly Refereed Journal of Research In Commerce & Management, www.abhinavjournal.com, VOLUME NO.1, ISSUE NO.7 ISSN 2277-1166*
8. *Reserve Bank of India (RBI) : Report on Trend and Progress of Banking in India : 2006- 2015*
9. *Rajveer Rawlin , Modeling the NPA of a Midsized Indian Nationalized Bank as a Function of Advances, European Journal of Business and Management, www.iiste.org Vol 4, No.5, 2012.*
10. *Dr.K.Nirmala Prasan & J.Chandradass (1997), Banking and Financial System, Himalaya Publishing House (Third Edition) , New Delhi PP-296-301.*
11. *Fofack, H (2005), "Non-performing loans in sub-Saharan Africa: Causal Analysis and Macroeconomic Implications." World Bank Policy Research Working Paper No. 3769, November.*
12. *Hu, J.-L., Li, Y., & Chiu, Y.-H. (2007), "Ownership and Nonperforming Loans: Evidence from Taiwan's Banks". The Developing Economies, 42(3), 405-420.*
13. *Liang, C.-J., Yao, M.-L., Hwang, D.-Y., & Wu, W.-H. (2008), "The Impact of Non-Performing Loans on Bank's Operating Efficiency for Taiwan Banking Industry". Review of Pacific Basin Financial Markets and Policies, 11(02), 287-304.*