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Bank NPAs: June 2019

Contact:

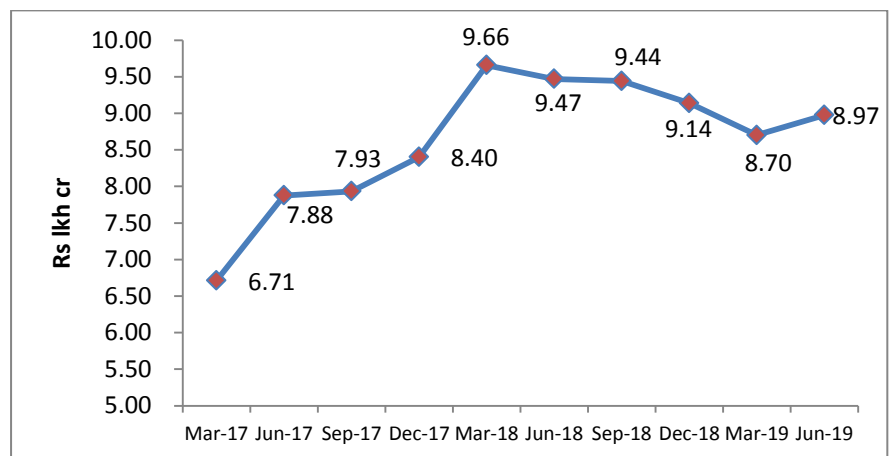
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The banking system is traversing an interesting phase handling issues such as capital, quality of assets, deposits and credit allocation. The process of recognition of NPAs gained in precedence when the Asset Quality Review system was invoked.

NPAs have been increasing subsequently as banks progressively recognized their stressed assets. It is believed that this process has been more or less completed for most banks and that the NPA levels have stabilized in the last couple of quarters. The foregoing analysis looks at some of these trends across banks – both PSBs and private banks.

Graph 1: Gross NPAs: 36 banks



Gross NPAs of a set of 36 banks increased from Rs 6.71 lakh crore in March 2017 to a peak of Rs 9.66 lakh crore in March 2018 and moderated subsequently to Rs 8.70 lakh crore in March 2019 before increasing to Rs 8.97 lakh crore in June 2019. The sample consists of 19 PSBs and 17 private banks.

Gross NPAs: Bank group-wise Rs lakh cr

	Total	Private	PSBs
Mar-17	671,117	70,908	600,209
Jun-17	787,676	74,345	713,331
Sep-17	793,277	79,152	714,124
Dec-17	840,176	83,907	756,268
Mar-18	965,823	94,109	871,714
Jun-18	946,963	96,337	850,626
Sep-18	944,025	98,910	845,115
Dec-18	913,942	101,709	812,233
Mar-19	870,193	102,315	767,878
Jun-19	897,355	107,630	789,725

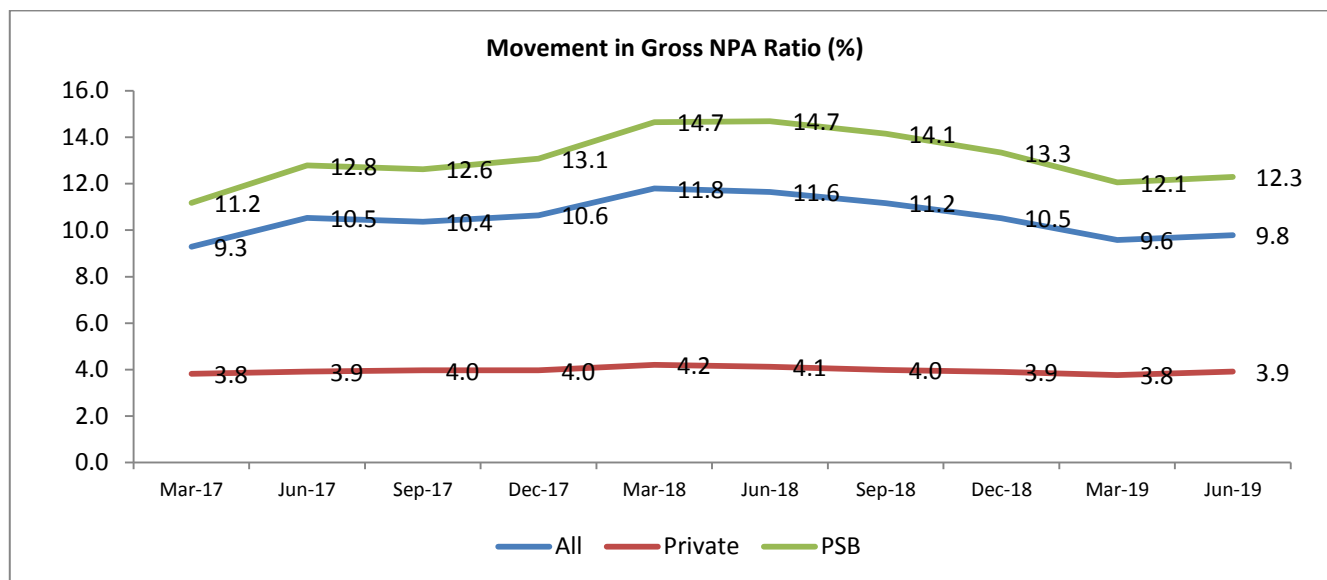
Source: ACE Equity data base

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The differing trend that can be seen here is that the NPAs for private banks have been increasing continuously over the quarters whereas for the PSBs they rose up to March 2018 and then declined in the next 4 quarters before increasing again in June 2019.

The Gross NPA ratios of the sample banks classified under public and private sector has been presented in the graph below.

Graph 2: Gross NPA ratio



- The overall Gross NPA ratio has tended to move downwards post March 2018 from 11.8% to 9.6% in March 2019 before rising in June 2019.
- For PSBs the level has been above 10% for the 10 quarter's period. At 12.3% in June 2019 it is still higher than that in March 2017.
- Private Banks have been relatively more consistent in this ratio which has ranged between 3.8-4.2%. In the last three quarters it has been less than 4%.

Distribution of NPAs

- 17 of the 36 banks had NPA ratio of above 10% in June 2019. Of them 16 were PSBs and only 1 was a private bank.
 - o Three of the PSBs had NPA ratio of above 20% (IDBI, UCO and IOB) and 1 was very near at 19.9%.
- 3 PSBs had NPA ratios of less than 10% - SBI, Indian Bank and Canara Bank.
- 3 private banks had NPA of less than 2% and 8 had between 2-5% and 5 between 5-10%.

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