

NPAs in Banks - June 2017

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One of the major challenges for the Indian banking system is to address the NPA issue which has also affected the profitability of banks besides coming in the way of future bank lending as banks have been cautious while lending especially for long term purposes. Various measures have been attempted to address this issue with the IBC being the latest one where some of the larger NPAs have been identified for speedy resolution. The outcome would be known in course of time.

Meanwhile, the performance of banks with respect to NPAs has not been too positive of late. While it was largely expected that the NPA ratios would have settled by March 2017 as there were indications of stabilization relative to December 2016, the picture emerging for Q1-FY18 is that the NPAs have deteriorated further for the system as whole.

In Q1 FY18, non-performing assets (NPAs) of a sample of 38 banks increased by a sharp 34.2% on a y-o-y basis. Also the NPA ratio increased to 10.21% in June 2017 from 8.42% in June 2016, which is the highest in the last six quarters.

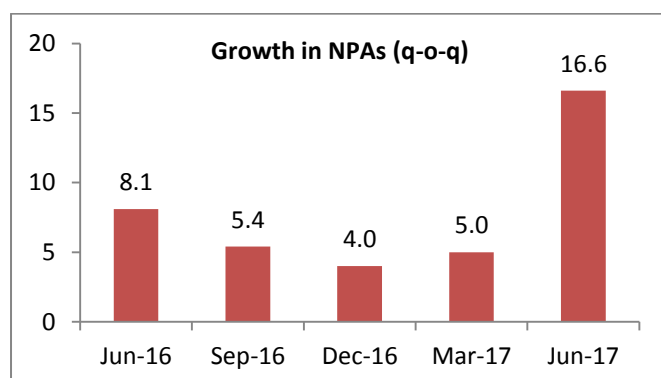
On a q-o-q basis, the increase in NPAs have been the highest in Q1 FY18 witnessing an increase of about 16.6% to reach Rs 829,338 crore as of June 2017.

Table 1: NPA position

	NPAs (Rs crore)	NPA ratio
Mar-16	571,841	7.69
Jun-16	618,109	8.42
Sep-16	651,792	8.81
Dec-16	677,443	9.18
Mar-17	711,312	9.06
Jun-17	829,338	10.21

Source: Ace Equity

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Bank-wise Gross NPAs

Table 2: Bank-wise NPAs as of June 2017 (Rs Crore)

Bank	NPAs	Bank	NPAs
State Bank Of India	188,068	Indian Bank	9,653
Punjab National Bank	57,721	HDFC Bank Ltd.	7,243
Bank Of India	51,019	Vijaya Bank	6,812
IDBI Bank Ltd.	50,173	Punjab & Sind Bank	6,693
Bank Of Baroda	46,173	The Jammu & Kashmir Bank	5,641
ICICI Bank Ltd.	43,148	Kotak Mahindra Bank	3,727
Canara Bank	37,658	IDFC Bank	2,004
Union Bank Of India	37,286	The Federal Bank	1,868
Indian Overseas Bank	35,453	Karur Vysya Bank	1,807
Central Bank Of India	31,398	The South Indian Bank	1,696
UCO Bank	25,054	The Karnataka Bank	1,691
Oriental Bank Of Commerce	24,409	Yes Bank	1,364
Axis Bank Ltd.	22,031	IndusInd Bank	1,272
Corporation Bank	21,713	The Lakshmi Vilas Bank	878
Allahabad Bank	21,032	City Union Bank	735
Syndicate Bank	20,184	RBL Bank	458
Andhra Bank	19,428	Dhanlaxmi Bank	354
Bank Of Maharashtra	18,049	DCB Bank	285
Dena Bank	12,994	Total	829,338
United Bank of India	12,165		

Source: AceEquity

- State Bank of India accounted for the largest share of about 22.7% in the total NPAs during the quarter. The NPAs stood at Rs 188,068 crore as of June 2017
- Top 5 banks together – SBI, PNB, BOI, IDBI, BOB account for a share of 47.4% totaling to Rs 393,154 crore
- 11 of the top 12 banks in terms of NPAs are public sector banks (PSBs) with the exception being ICICI Bank.
 - o ICICI Bank accounts for about 5.2% share in the total NPAs during the quarter.
 - o Top 12 banks together account for 75.7% share
- Public sector banks appear to be definitely more stressed than private banks
- ICICI Bank and Axis Bank are the only private sector banks in the top 15 with a combined share of 7.9% in the total NPAs

Bank-wise ratios

Table 3: Bank-wise NPA ratio as of June 2017 (%)

Bank	NPA ratio	Bank	NPA ratio
IDBI Bank Ltd.	24.11	ICICI Bank Ltd.	7.99
Indian Overseas Bank	23.60	Vijaya Bank	7.30
UCO Bank	19.87	Indian Bank	7.21
Bank Of Maharashtra	18.59	Dhanlaxmi Bank Ltd.	5.62
Central Bank Of India	18.23	Axis Bank Ltd.	5.03
Dena Bank	17.37	The Karnataka Bank	4.34
United Bank of India	17.17	Karur Vysya Bank	4.27
Corporation Bank	15.49	IDFC Bank	4.13
Oriental Bank Of Commerce	14.83	The Lakshmi Vilas Bank	3.78
Allahabad Bank	13.85	The South Indian Bank	3.61
Punjab National Bank	13.66	City Union Bank	3.05
Andhra Bank	13.33	Kotak Mahindra Bank	2.58
Bank Of India	13.05	The Federal Bank	2.42
Union Bank Of India	12.63	DCB Bank	1.74
Bank Of Baroda	11.40	RBL Bank	1.46
Punjab & Sind Bank	11.33	HDFC Bank.	1.24
The Jammu & Kashmir Bank Ltd.	10.79	IndusInd Bank	1.09
Canara Bank	10.56	Yes Bank Ltd.	0.97
State Bank Of India	9.97		
Syndicate Bank	9.96		

Source: AceEquity,

- The top 20 banks with highest NPA ratios are public sector banks (PSBs)
- The top 2 banks, namely IDBI Bank (24.11%) and Indian Overseas Bank (23.6%) have NPA ratios of over 20%
- Indian Bank is the PSB with lowest ratio of 7.21%.
- Top 8 banks have an NPA ratio of over 15% as of June 2017.
- YES Bank is the only bank with a ratio of just less than 1.

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