



**NON-PERFORMING ASSETS IS A THREAT TO INDIA BANKING SECTOR - A
COMPARATIVE STUDY BETWEEN PRIORITY AND NON-PRIORITY SECTOR
LENDING IN PUBLIC SECTOR BANKS**

Dr. G Nagarajan*

N. Sathyanarayana**

A. Asif Ali**

Abstract: *The Government of India through the instrument of Reserve Bank of India (RBI) mandates certain type of lending on the Banks operating in India irrespective of their origin. RBI sets targets in terms of percentage (of total money lent by the Banks) to be lent to certain sectors, which in RBI's perception would not have had access to organized lending market or could not afford to pay the interest at the commercial rate. This type of lending is called Priority Sector Lending. This paper examines the NPA in Public sector Banks and a comparative study is done between Priority Sector Lending and Non-Priority Sector Lending. The study analyzed trends in Gross NPAs and Net NPAs of PSBs, to study whether there is significant impact of Priority Sector lending on the Total NPA of public sector Banks and to find out the impact of Recovery on NPAs of the PSBs during the study period. The result showed There is a declining trend in Percentage of Gross and Net NPAs of public sector banks till 2008-09 & increased in the later years and declining trend in trend percentage of gross and net NPAs of public sector banks till 2006-07 & increased in the later years over the period of the study, the significant impact of Priority sector advances on total NPAs of Public sector banks. Also the result showed the significant impact of Recovery of NPAs on total NPAs of Public sector banks.*

Keywords: *Advances, Non-Performing Asset, Non-Priority Sector, Priority Sector, Public Sector Banks, Recovery and Regression.*

* Professor & Head, Department of Management Studies and Research Centre, Sambhram Institute of Technology, Bangalore, Karnataka

** Asst. Professor, Department of Management Studies and Research Centre, T John Institute of Technology, Bangalore, Karnataka



1. INTRODUCTION

The banking system in India comprises commercial and cooperative banks, of which the former accounts for more than 90 per cent of banking systems assets. Besides a few foreign and Indian private banks, the commercial banks comprise nationalized banks (majority equity holding is with the Government), the State Bank of India (SBI) (majority equity holding being with the Reserve Bank of India) and the associate banks of SBI (majority holding being with State Bank of India). These banks, along with regional rural banks, constitute the public sector (state owned) banking system in India. The public sector banks have emerged strong across all key indicators as the global financial turmoil and slowing domestic economy put the banking sector on a test. The public banks have not only reduced the lending rates but have also managed to record higher average net profit and lower NPAs level than their private sector banks.

Non-Performing Assets of Public Banks

The NPAs are considered as an important parameter to judge the performance and financial health of banks. The level of NPAs is one of the drivers of financial stability and growth of the banking sector. The Financial companies and institutions are nowadays facing a major problem of managing the Non-Performing Assets (NPAs) as these assets are proving to become a major setback for the growth of the economy. NPAs in simple words may be defined as the borrower does not pay principal and interest for a period of 180 days. However, it is taken into consideration now that default status would be given to a borrower if dues are not paid for 90 days. If any advance or credit facility granted by the bank to a borrower becomes non-performing, then the bank will have to treat all the advances/credit facilities granted to that borrower as non-performing without having any regard to the fact that there may still exist certain advances / credit facilities having performing status.

2. PRIORITY SECTOR LENDING

Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture or small scale industries. This is essentially meant for an all round development of the economy as opposed to focusing only on the financial sector.



Presently, the broad categories of priority sector for all SCBs are as under:

1. Agriculture
2. Micro and Small Enterprises
3. Education
4. Housing
5. Export Credit
6. Others

RBI's revised guidelines on PSL:

The Reserve Bank of India (RBI) has revised its guidelines on Priority Sector Lending (PSL) on 20.07.2012 and issued some clarifications on 17.10.2012.

Targets and sub targets for PSL

Categories	Domestic commercial banks / Foreign banks with 20 and above branches	Foreign banks with less than 20 branches
Total Priority Sector	40 per cent of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher.	32 per cent of ANBC or CEOBE, whichever is higher.
Total Agriculture	18 per cent of ANBC or CEOBE, whichever is higher. Of this, indirect lending in excess of 4.5% of ANBC or CEOBE, whichever is higher, will not be reckoned for computing achievement under 18 per cent target.	No specific target. Forms part of total priority sector target
Micro & Small Enterprises (MSE)	Advances to micro and small enterprises sector will be reckoned in computing achievement under the overall priority sector target of 40 per cent of ANBC or CEOBE, whichever is higher;	No specific target. Forms part of total priority sector target.
Export Credit	Export credit is not a separate category. Export credit to eligible activities under agriculture and MSE will be reckoned for priority sector lending under respective categories.	No specific target. Forms part of total priority sector target.
Advances to Weaker Sections	10 per cent of ANBC or CEOBE, whichever is higher.	No specific target in the total priority sector target.

Note: For foreign banks with 20 and above branches, priority sector targets and sub-targets have to be achieved within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018. Foreign banks with 20 and above branches will submit an action



plan latest by December 31, 2012 for achieving the targets over a specific time frame to be approved by RBI.

3. LITERATURE REVIEW

Sambha et al. (2013) highlighted in their research, the problems of NPAs are more serious in Public Sector Banks than Private Sector Banks. Reduction of NPAs in banking sector should be treated as a national priority to make the Indian banking system more strong and resilient. The major chunk of NPAs came from priority-sector as well as non-priority sector. In priority sector, the Gross NPAs showed declined trend in the year 2007 and increased trend in the year 2008 & 2011 due to the implementation of the one-time settlement scheme for small and marginal farmers. In Non-Priority Sector, the Gross NPAs showed an increasing trend during study period.

Suresh Patidar and Ashwini Kataria (2012) was conducted study to analyze priority sector lending by selected public and private sector banks in India. They assessed 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.

Veerakumar (2012) reviewed on “Non-Performing Assets in Priority Sector: A Threat to Indian Scheduled Commercial Banks”. This research study aims to find out the categories of priority sector advances which contribute to the growth of total priority sector NPAs during the study period of 10 years between 2001-02 and 2010-11. The researcher found that, the Gross NPAs of Scheduled Commercial Banks have been increasing year after year. The NPAs in priority sector were more in public sector banks when compared to private and foreign banks. NPAs in Priority sector have significant impact on total NPAs in Public sector banks, whereas in Private sector banks, NPAs in priority sector have no significant impact on total NPAs.

4. OBJECTIVES OF THE STUDY

1. To know about priority sector lending's in Indian public sector banks.
2. To study the trends in Gross NPAs and Net NPAs of PSBs during the study period.



3. To find out the significant impact of Priority Sector lending on the Total NPA of public sector Banks.
4. To find out the significant impact of Non-Priority Sector lending on the Total NPA of public sector Banks.
5. To find out the significant relationship between Gross NPA ratio and Priority sector NPA ratio of public sector banks during the study period.
6. To study the impact of Recovery on NPAs of the PSBs during the study period.

5. RESEARCH METHODOLOGY

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 ten financial years from 2002-03 to 2011-12. The required secondary data for the study was collected through different websites, annual reports of Public sector banks, RBI reports and different banking journals. The researcher selected Public Sector Banks listed in second schedule of RBI act for the study. To make the analysis meaningful advanced statistical tools like – Ratios, Mean and percentages were applied. To test the hypothesizes Correlation, 't' test and Regression were applied with the help of SPSS.20 Software package.

6. DATA ANALYSIS

Table-1: Gross and Net NPAs of Public Sector Banks

Years	Gross NPAs			Net NPAs		
	Gross NPAs (Rs. In crore)	Trend Percentage of Gross NPAs	% of Gross NPAs to Gross Advances	Net NPAs (Rs. In crore)	Trend Percentage of Gross NPAs	% of Net NPAs to Net Advances
2002-03	54,089.00	100.00	9.40	24,868.00	100.00	4.50
2003-04	51,541.00	95.29	7.80	18,860.00	34.87	3.00
2004-05	46,596.00	86.15	5.40	16,983.00	31.40	2.06
2005-06	41,379.00	76.50	3.90	14,560.00	26.92	1.70
2006-07	38,602.00	71.37	2.80	15,145.00	28.00	1.10
2007-08	40,452.00	74.79	2.20	17,836.00	32.98	0.80
2008-09	45,156.00	83.48	2.00	21,033.00	38.89	0.70



2009-10	59,926.00	110.79	2.19	29,644.00	54.81	1.10
2010-11	74,614.00	137.95	2.23	36,071.00	66.69	1.09
2011-12	117,200.00	216.68	3.30	59,100.00	109.26	1.70

Base year for trend percentage is 2002-03

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

Table-1 showed a declining trend in Percentage of Gross and Net NPAs of public sector banks till 2008-09 & increased in the later years and declining trend in trend percentage of gross and net NPAs of public sector banks till 2006-07 & increased in the later years over the period of the study. It is observed that gross NPAs as absolute and in percentage terms with gross advances of PSBs have increased from Rs 45,156 crore (2.0%) to Rs 1,17,200 crore (3.3%) in the period of 2008-09 to 2011-12. On the other hand net NPAs of Public sector banks in absolute and in percentage terms have also come down from Rs.21,033 crore (0.70 %) in 2008-09 to Rs. 59,100 crore (1.70 %) in 2011-12.

Table-2: Sector-Wise NPAs of Public Sector Banks

(Amount in Rs. Crore)

Year	Priority Sector NPAs		Non-Priority Sector NPAs		Total NPAs of Public Sector Banks	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
2002-03	24,938	47.22	27,869	52.77	52,807	100
2003-04	23,840	47.54	26,308	52.46	50,148	100
2004-05	23,397	49.05	24,299	50.95	47,696	100
2005-06	22,374	54.07	19,005	45.93	41,378	100
2006-07	22,954	59.46	15,648	40.54	38,602	100
2007-08	25,287	63.62	14,462	36.38	39,749	100
2008-09	24,318	55.22	19,725	44.79	44,042	100
2009-10	30,848	53.84	26,453	46.16	57,301	100
2010-11	41,245	58.05	30,080	42.34	71,047	100
2011-12	56,200	49.96	56,300	50.04	1,12,500	100

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

TABLE-2 shows the distribution of NPAs of Public sector banks in different sectors for the period of 2002-03 to 2011-12. As far as the public sector banks are concerned, about 55% of non-performing assets belong to the priority sector lending. Non- priority sector accounts for 45% of the total NPAs in public sector banks. It is observed that Priority Sector NPAs had increased from Rs 24,938 crores in the year 2002-03 to Rs 56,200 crores in the year 2011-12 and Non-Priority Sector NPAs had increased from Rs 14,462 crores in the year 2007-08 to Rs



56,300 crores in the year 2011-12. Total NPAs had increased by 191.43 % from Rs 38,602 crores in the year 2006-07 to Rs 1,12,500 crores in the year 2011-12. The reason behind this is Public sector and nationalized banks are subjected to provide more loans, which results in higher non-performing assets. These banks are more exposed to political interference; they are not allowed to act in a professional manner, which results in high level of non-performing assets.

Table-3: Public Sector Banks' Priority Sector Advances and NPAs

(Amount in Rs. Crore)

Years	Agriculture	Micro & Small Enterprises	Others	Total Priority Sector NPAs	Total Priority Sector Advances	Priority Sector NPA Ratio	Gross NPA Ratio	Net NPA Ratio
2002-03	7,707.35	10,161.53	7,069.48	24,938.36	1,99,786	12.48	9.40	4.50
	30.91%	40.75%	28.35%	100.00%				
2003-04	7,240.30	8,837.92	7,762.11	23,840.33	2,44,456	9.75	7.80	3.00
	30.37%	37.07%	32.56%	100.00%				
2004-05	7,254.05	7,834.96	8,308.37	23,397.38	3,07,046	7.62	5.40	2.06
	31.00%	33.49%	35.51%	100.00%				
2005-06	6,202.92	6,917.40	9,253.42	22,373.74	4,09,748	5.46	3.90	1.70
	27.72%	30.92%	41.36%	100.00%				
2006-07	6,506.34	5,843.28	10,604.00	22,953.62	5,21,376	4.40	2.80	1.10
	28.35%	25.46%	46.20%	100.00%				
2007-08	8,268.03	5,804.75	11,213.89	25,286.67	6,10,450	4.14	2.20	0.80
	32.70%	22.96%	44.35%	100.00%				
2008-09	5,708.01	6,984.00	11,626.00	24,318.00	7,20,083	3.38	2.00	0.70
	23.47%	28.72%	47.81%	100.00%				
2009-10	8,330.00	11,537.00	10,981.00	30,848.00	8,64,564	3.57	2.19	1.10
	27.00%	37.40%	35.60%	100.00%				
2010-11	14,487.00	14,340.00	12,417.00	41,245.00	10,22,925	4.03	2.23	1.09
	35.12%	34.77%	30.11%	100.00%				
2011-12	22,700.00	17,800.00	15,700.00	56,200.00	11,30,700	4.97	3.30	1.70
	40.39%	31.67%	27.94%	100.00%				

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

Table 3 exhibits the priority sector advances and NPAs in priority sector by public sector banks during the period under study. The total priority sector credit of public sector banks have raised from Rs. 1,99,786 crore to Rs. 11,30,700 crore. The priority sector NPAs of public sector banks have raised from Rs. 24,938.36 crore at the end of March, 2003 to Rs. 56,200 crore at the end of March, 2012. It is clear from the table that NPAs of the Public sector banks by agriculture credit were around 30% during the study period except during the years 2008-09 to 2011-12. The NPAs incurred by public sector banks out of lending to Micro



& Small Enterprises ranges between 25% and 41%, other categories ranges between 28% and 46% of priority sector. It is observed that there was an increase in credit and NPAs in absolute terms, but in terms of Priority Sector NPA ratio to Priority Sector Advances there is a decline during the study period i.e., from 12.48 to 4.97. It is understood from the above observation that the public sector banks have recovered the priority sector credit in time and they managed the priority sector credit effectively to safeguard themselves from the evils of NPAs.

Table No 4: Recovery of NPAs in Public Sector Banks

(Amount in Rs. Crore)

Year	Public Sector Banks	% Increase
2002-03	18,452.00	33.38
2003-04	20,685.00	12.10
2004-05	19,080.00	-0.07
2005-06	23,040.00	20.75
2006-07	22,004.00	-4.50
2007-08	22,466.00	2.10
2008-09	26,271.00	16.94
2009-10	26,946.00	2.57
2010-11	37,160.00	37.90
2011-12	47,800.00	28.63

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

In view of several options available to banks for dealing with NPAs, banks have been able to recover a significant amount of NPAs (Table-4). An improved industrial climate contributed to a better recovery position. The recourse to aggressive restructuring by banks in 2004-05 also helped in reducing the level of NPAs. Public sector banks recovered a higher amount of NPAs during 2011-12 than that during the previous year. Though the total amount recovered Rs. 47,800 crore in Public sector banks in 2011-12 was higher than Rs 37,160 crore in 2010-11. Banks have been able to recover NPAs through the use of legal measures which are a good sign for Banks. Among the various channels of recovery available to banks for dealing with bad loans, the SARFAESI Act and the Debt Recovery Tribunals (DRTs) have been the most effective in terms of amount recovered.

Hypothesis-1

H₀: There is no significant relation between Priority sector NPAs and Non-priority sector NPAs in contributing to total NPAs of PSBs.



H₁: There is significant relation between Priority sector NPAs and Non-priority sector NPAs in contributing to total NPAs of PSBs.

APPENDIX-1 exhibits correlation between Priority sector NPAs and Non-priority sector NPAs. Null Hypothesis is Rejected as Pearson Correlation is 0.890, and $p = 0.000$ ($p < 0.05$) at confidence level of 0.01. Since the $p < 0.05$, there is a significant relation between Priority sector NPAs and Non-priority sector NPAs in contributing to total NPAs of PSBs.

Hypothesis-2

H₀: There is no significant relationship between Gross NPA ratio and Priority sector NPA ratio of public sector banks during the study period.

H₁: There is a significant relationship between Gross NPA ratio and Priority sector NPA ratio of public sector banks during the study period.

APPENDIX-2 exhibits the observed mean difference is 1.858. Since the value of t is 11.647 at $p < .000$, the mean difference (1.858) between Gross NPA ratio and Priority sector NPA ratio is statistically significant. According to the Sig. of 0.000 (which is less than 0.05), the Null hypothesis is rejected. Therefore, it can be inferred that there is a significant relationship between Gross NPA ratio and Priority sector NPA ratio of public sector banks during the study period.

Hypothesis-3

H₀: There is no significant relationship between Net NPA ratio and Priority sector NPA ratio of public sector banks during the study period.

H₁: There is no significant relationship between Net NPA ratio and Priority sector NPA ratio of public sector banks during the study period.

APPENDIX-3 exhibits the observed mean difference is 4.205. Since the value of t is 7.037 at $p < .000$, the mean difference (4.205) between Gross NPA ratio and Priority sector NPA ratio is statistically significant. According to the Sig. of 0.000 (which is less than 0.05), the Null hypothesis is rejected. Therefore, it can be inferred that there is a significant relationship between Net NPA ratio and Priority sector NPA ratio of public sector banks during the study period.

Hypothesis-4

H₀: There is no significant impact of Priority sector advances on total NPAs of Public sector banks.



H₁: There is a significant impact of Priority sector advances on total NPAs of Public sector banks.

The APPENDIX -4 **Model Summary** table provides the R and R² value. The R value is 0.732, which represents the simple correlation. It indicates positive correlation between Priority sector advances and total NPAs. Since the R² value is 53.5 per cent approximately for Priority sector advances, it shows that total NPAs are affected by 53.5 per cent and remaining 46.5 per cent by some other factor. The **ANOVA** table indicates that the regression model predicts the outcome variable significantly well, $p < 0.016$, which is less than 0.05, and we can say that, there is a significant impact of Priority sector advances on total NPAs of Public sector banks by rejecting null hypothesis. The **Coefficients** table provides us with information on each predictor variable. So the regression equation can be framed as:

$$\text{Total NPA} = 27408.487 + 0.055 (\text{Priority sector advances})$$

Hypothesis-5

H₀: There is no significant impact of Recovery of NPAs on total NPAs of Public sector banks

H₁: There is a significant impact of Recovery of NPAs on total NPAs of Public sector banks
The APPENDIX-5 **Model Summary** table provides the R and R² value. The R value is 0.909, which represents the simple correlation. It indicates a high degree of correlation between Recovery of NPAs and total NPAs. Since the R² value is 82.6 per cent approximately for Recovery of NPAs, it shows that total NPAs are affected by 82.6 per cent and remaining 17.4 per cent by some other factor. The **ANOVA** table indicates that the regression model predicts the outcome variable significantly well, $p < 0.000$, which is less than 0.05, and we can say that, there is a significant impact of Recovery of NPAs on total NPAs of Public sector banks by rejecting null hypothesis. The **Coefficients** table provides us with information on each predictor variable. So the regression equation can be framed as:

$$\text{Total NPA} = -2166.291 + 2.186 (\text{Recovery of NPA})$$

7. FINDINGS:

The following are the major findings of the present study.

- There is a declining trend in Percentage of Gross and Net NPAs of public sector banks till 2008-09 & increased in the later years and declining trend in trend percentage of



gross and net NPAs of public sector banks till 2006-07 & increased in the later years over the period of the study.

- Total NPAs had increased by 191.43 % from Rs 38,602 crores in the year 2006-07 to Rs 1,12,500 crores in the year 2011-12.
- The total priority sector credit of public sector banks have raised from Rs. 1,99,786 crore to Rs. 11,30,700 crore. The priority sector NPAs of public sector banks have raised from Rs. 24,938.36 crore at the end of March, 2003 to Rs. 56,200 crore at the end of March, 2012.
- Public sector banks recovered a higher amount of NPAs during 2011-12 than that during the previous year. Though the total amount recovered Rs. 47,800 crore in Public sector banks in 2011-12 was higher than Rs 37,160 crore in 2010-11.
- There is significant relation between Priority sector NPAs and Non-priority sector NPAs in contributing to total NPAs of PSBs.
- There is a significant relationship between Gross NPA ratio and Priority sector NPA ratio of public sector banks during the study period.
- There is a significant relationship between Net NPA ratio and Priority sector NPA ratio of public sector banks during the study period.
- There is a positive correlation between Priority sector advances and total NPAs.
- There is a significant impact of Priority sector advances on total NPAs of Public sector banks.
- There is a significant impact of Recovery of NPAs on total NPAs of Public sector banks.

CONCLUSION:

The NPAs have always been a big worry for the banks in India. It is just not a problem for the banks; they are bad for the economy too. The money locked up in NPAs is not available for productive use and adverse effect on banks' profitability is there. The extent of NPA is comparatively higher in propriety sector lending. To improve the efficiency and profitability, the NPAs have to be scheduled. The RBI and the Government of India have taken number steps to reduce NPAs of the SCBs. This has led to decline in the level of NPAs of the Indian banking sector. But a lot more needs to be done. The NPAs level of our banks is still high as compared to the international standards. It is highly impossible to have zero



percentage NPAs. But at least Indian banks can try competing with foreign banks to maintain international standard. One cannot ignore the fact that a part of the reduction in NPAs is due to the writing off bad loans by the banks. The Indian banks should take care to ensure that they give loans to creditworthy customers as prevention is always better than cure.

8. REFERENCES:

Books:

- 1) Gupta, S. P., Statistical Methods, New Delhi, Sultan Chand & Sons., 2008
- 2) Kothari, C.R., Research Methodology Methods and Techniques, New Delhi, New Age International Pvt Ltd, Publishers., 2004
- 3) Shekhar, K.C., Shekhar, L., Banking Theory and Practice, Vikas Publishing House Pvt Ltd, 2009.

Articles:

1. Sambha. V. Garg, Priya Jindal and Dr. Bhavet (2013) "Management of Non-Performing Assets: A Comparative Study of Public and Private Sector Banks", International Journal of Research in Commerce, Economics & Management, Vol. 3, No. 1, pp. 146-151.
2. Suresh Patidar and Ashwini Kataria (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.
3. Veerakumar .K (2012) "Non-Performing Assets in Priority Sector: A Threat to Indian Scheduled Commercial Banks" International Research Journal of Finance and Economics, Issue 93, pp. 6-23.
4. Namita Rajput, Anu Priya Arora and Baljeet Kaur (2012), "Management of Non-Performing Assets: A Study of Indian Public Sector Banks", International Journal of Management, IT and Engineering, Vol. 2, Issue 4, pp. 197-210.
5. Jayanta Kumar Bihari (2012) "A Study on NPA Management in Indian Banking Industry", Asian Journal of Research in Business Economics and Management, Volume 2, Issue 6, pp. 126-145.
6. Kondaiah Swamy .A and Kovvali Bhanu Prakash (2012) "Non-Performing Assets of Scheduled Public Sector Banks— Causes & Cures", International Journal of Innovative Research & Development, Vol. 1, Issue 6, pp. 481-495.



Reports:

1. Report on Trend and Progress of Banking in India (2003-12) issues
2. Annual reports of Public sector banks

Websites:

www.rbi.org.in

www.moneycontrol.com

Appendix -1

Correlations

		Priority Sector NPA	Non-Priority Sector NPA
Priority Sector NPA	Pearson Correlation	1	.902**
	Sig. (2-tailed)		.000
	N	10	10
Non-Priority Sector NPA	Pearson Correlation	.902**	1
	Sig. (2-tailed)	.000	
	N	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

Note: If p-value is less than 0.05, reject the null hypothesis and accept the alternative hypothesis.

Appendix -2

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Priority Sector NPA Ratio	5.9800	10	3.03124	.95856
	Gross NPA Ratio	4.1220	10	2.60342	.82327

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Priority Sector NPA Ratio & Gross NPA Ratio	10	.995	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Priority Sector NPA Ratio – Gross NPA Ratio	1.85800	.50449	.15953	1.49711	2.21889	11.647	9	.000



Appendix -3

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Priority Sector NPA Ratio	5.9800	10	3.03124	.95856
	Net NPA Ratio	1.7750	10	1.17877	.37276

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Priority Sector NPA Ratio & Net NPA Ratio	10	.980	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Priority Sector NPA Ratio – Net NPA Ratio	4.20500	1.88972	.59758	2.85318	5.55682	7.037	9	.000

Appendix -4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732 ^a	.535	.477	16089.81332

a. Predictors: (Constant), Priority sector advances

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2384040401.278	1	2384040401.278	9.209	.016 ^b
1 Residual	2071056740.722	8	258882092.590		
Total	4455097142.000	9			

a. Dependent Variable: Total NPA

b. Predictors: (Constant), Priority sector advances



Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	27408.487	10570.936		2.593	.032
1 Priority sector advances	.055	.018	.732	3.035	.016

a. Dependent Variable: Total NPA

Appendix -5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.909 ^a	.826	.804	9856.48986

a. Predictors: (Constant), Recovery of NPA

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3677894002.861	1	3677894002.861	37.858	.000 ^b
1 Residual	777203139.139	8	97150392.392		
Total	4455097142.000	9			

a. Dependent Variable: Total NPA

b. Predictors: (Constant), Recovery of NPA

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2166.291	9881.129		-.219	.832
1 Recovery of NPA	2.186	.355	.909	6.153	.000

a. Dependent Variable: Total NPA