A STUDY ON NON-PERFORMING ASSETS OF STATE BANK OF INDIA WITH SPECIAL REFERENCE TO CHINTAMANI BRANCH IN CHIKKBALLAPUR DISTRICT, *KARNATAKA*

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Abstract: *Non-performing assets are one of the major concerns for banks in India. NPAs reflect the performance of banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. This paper analyzes the NPA levels of SBI Chintamani Branch. The purpose of the project is to know how NPA levels will affect the profitability of bank.The research design used was descriptive research. The study has been carried out with the help of annual reports to determine the level of non-performing assets. The research processed, tabulated and analyzed using with appropriated graphs. Statistical tools like t-test, correlation and regression used to test hypothesizes with the help of SPSS.21.The result showed that, there was a gradual decrease in the percentage of NPA during the last four year, and again 2012-13 is increased. This is achieved by adopting the various strict recovery measures by bank. Trend percentage of Gross Advances recorded continuous increasing trend from 100 per cent to 882.04 per cent from the year 2008-09 to 2012-13. Trend percentage of Gross NPA sowed increasing trend till 2011-12 later it skipped to very high level in the year 2012-13.There is actual correlation between Priority Sector NPAs and Non priority Sector NPAs in contribution of Total NPAs of SBI bank in Chintamani branch during the study period.Also the result showed the significant impact of Non Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.*

Key Words: *Advances, Correlation**, Non-Performing Asset, Non-Priority Sector, Priority Sector,Regression and Trend percentage.*

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1) INTRODUCTION

Banking in India originated in the last decades of the 18th century. The first banks were Bank of Hindustan (1770-1829) and The General Bank of India, established 1786 and since defunct. The largest bank, and the oldest still in existence, is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955. For many years the presidency banks acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935.

The State Bank of India and all its associate banks are identified by the same blue *keyhole* logo. The State Bank of India word mark usually has one Pursuant to the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 1 July 1955, the Imperial Bank of India became the State Bank of India. In 2008 the government of India acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.

In 1959, the government passed the State Bank of India (Subsidiary Banks) Act, which made eight state banks associates of SBI. A process of consolidation began on 13 September 2008, when the State Bank ofSaurashtra merged with SBI.SBI has acquired local banks in rescues. The first was the Bank of Behar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired Krishna ramBaldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja MadhoRaoScindia. The bank had been the *DukanPichadi*, a small moneylender, owned by the Maharaja. The new banks first manager was Jall N. Broacha, a Parsi. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

2) NON PERFORMING ASSETS

A Non-performing asset (NPA) is defined as a credit facility in respect of which the interest and/or instalment of principal has remained 'past due' for a specified period of time. The banking industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management. While the primary function of banks is to lend funds as loans to various sectors such as agriculture, industry, personal loans, housing loans etc., in recent times the banks have become very cautious in extending loans. The reason being mounting non-performing assets (NPAs).

Identification

NPA is a classification used by financial institutions that refer to loans that are in jeopardy of default. Once the borrower has failed to make interest or principle payments for 90 days the loan is considered to be a non-performing asset. Non-performing assets are problematic for financial institutions since they depend on interest payments for income. Troublesome pressure from the economy can lead to a sharp increase in non-performing loans and often results in massive write-downs.

With a view to moving towards international best practices and to ensure greater transparency, it had been decided to adopt the '90 days' overdue' norm for identification of NPA, from the year ending March 31, 2004. Accordingly, with effect from March 31, 2004, a non-performing asset (NPA) is a loan or an advance where;

With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the '90 days' overdue' norm for identification of NPAs, from the year ending March 31, 2004. Accordingly, with effect from March 31, 2004, a non performing asset (NPA) shall be a loan or an advance where, an asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

A Non-Performing Asset (NPA) is a loan or an advance where;

Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,

> The account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC),
> The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

> The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

> The installment of principal or interest thereon remains overdue for one crop season for long duration crops,

> The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.

> In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

In case of interest payments, banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter. In addition, an account may also be classified as NPA in terms of paragraph

3) LITERATURE OF REVIEW

Chaudhary & Singh (2012) A Committee on Banking Sector Reforms known as Narasimham Committee was set up by RBI to study the problems faced by Indian banking sector and to suggest measures revitalize the sector. The committee identified NPA as a major threat and recommended prudential measures for income recognition, asset classification and provisioning requirements. These measures embarked on transformation of the Indian banking sector into a viable, competitive and vibrant sector. The committee recommended measures to improve "operational flexibility" and "functional autonomy" so as to enhance "efficiency, productivity and profitability".

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.

Suresh Patidar and AshwiniKataria (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.

4) OBJECTIVES OF THE STUDY

1. To analyze the NPA levels of State Bank of India (SBI) Chintamani Branch.
2. To study the procedures and policies followed in SBI Chintamani Branchfor the recovery of NPAs.
3. To identify the impact of Non-Performing assets on performance of a SBI Chintamani Branch.
4. To suggest measures for efficient management of NPA's.

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 five financial years from 2002-03 to 2011-12. The required secondary data for the study was collected through different websites, annual reports of SBI, RBI reports and different banking journals. To make the analysis meaningful advanced statistical tools like – percentage and trend percentage were applied. To test the hypothesizes Correlation, 't' test and Regression were applied with the help of SPSS.21 Software package.

6) DATA ANALYSIS&INTERPRETATION

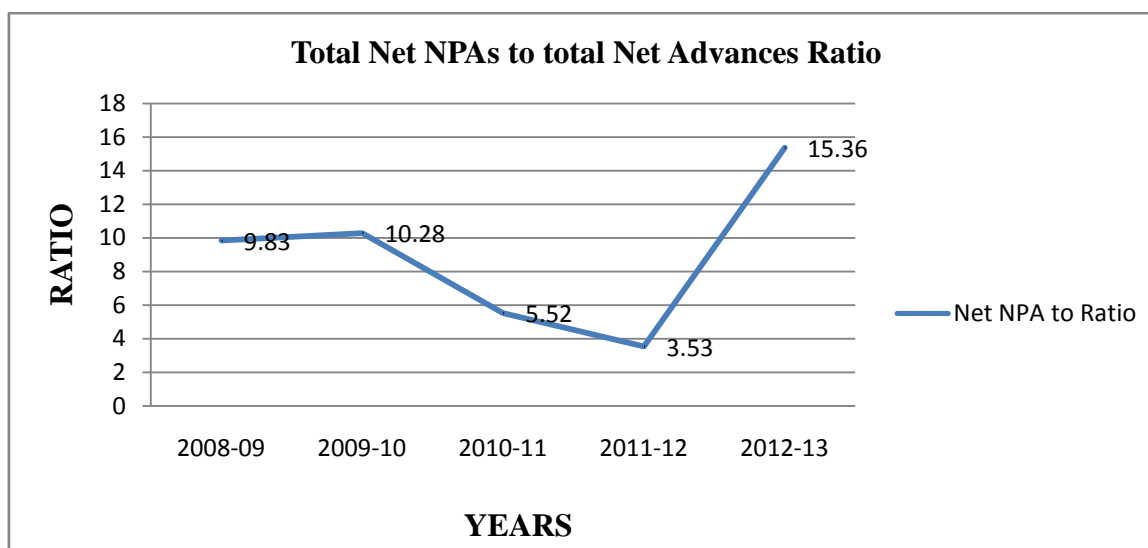**Table 4.1: Shows Total Net NPAsto Total Net Advances Ratio**

Years	Total Net Advances (Rs In Lakhs)	Total Net NPA (Rs In Lakhs)	Trend Percentage of Total Net Advances	Trend Percentage of Total Net NPA	Net NPA to Ratio
2008-09	1171	115.20	100.00	100.00	9.83
2009-10	1802	185.41	153.89	160.95	10.28
2010-11	2397	132.24	204.70	114.79	5.52
2011-12	2742	97.03	234.16	84.23	3.53
2012-13	3081	473.21	263.11	410.77	15.36

(Source: SBI Bank Reports of Chintamani Branch)

(Base Year: 2008-09)

Graph -1

Total Net NPAs to total Net Advances Ratio

Graph-2

Trend Percentage of Total Net Advances & NPAs
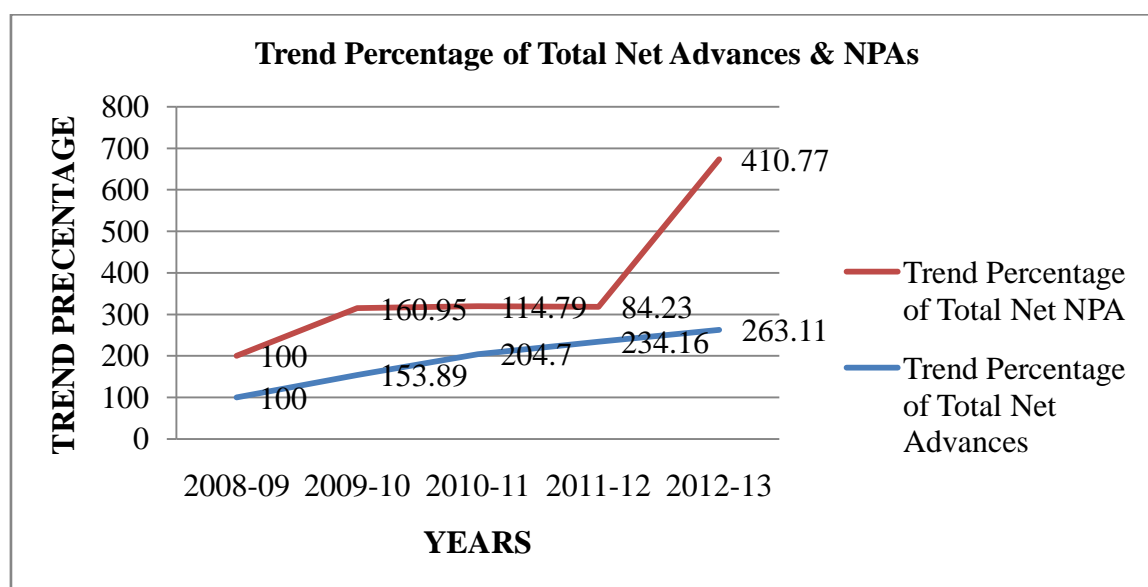
Analysis & Interpretation: In the above table 4.1 shows the Total Net NPA to Total Net Advances ratio of SBI chinatamani branch. It showed that 9.83 per cent in the year 2008-09. Again it was increased to 10.28 per cent in the year 2009-10 and it decreased continuously in the next two years 2010-11 to 2011-12 it was 5.52, 3.53 per cent. The year 2012-13 rapidly it increased to 15.35 per cent. It showed overall increasing trend during the study period. Finally it can interpret that the bank was failed to control of nonperforming assets in SBI chintamani branch in the year 2012-13. The trend percentage of Total Net Advances showed very high increase in the 2012-13 by comparing to base year 2008-09.increasing

trend from last five years where as trend percentage of Total Net NPAs showed over all increasing trend during study period.
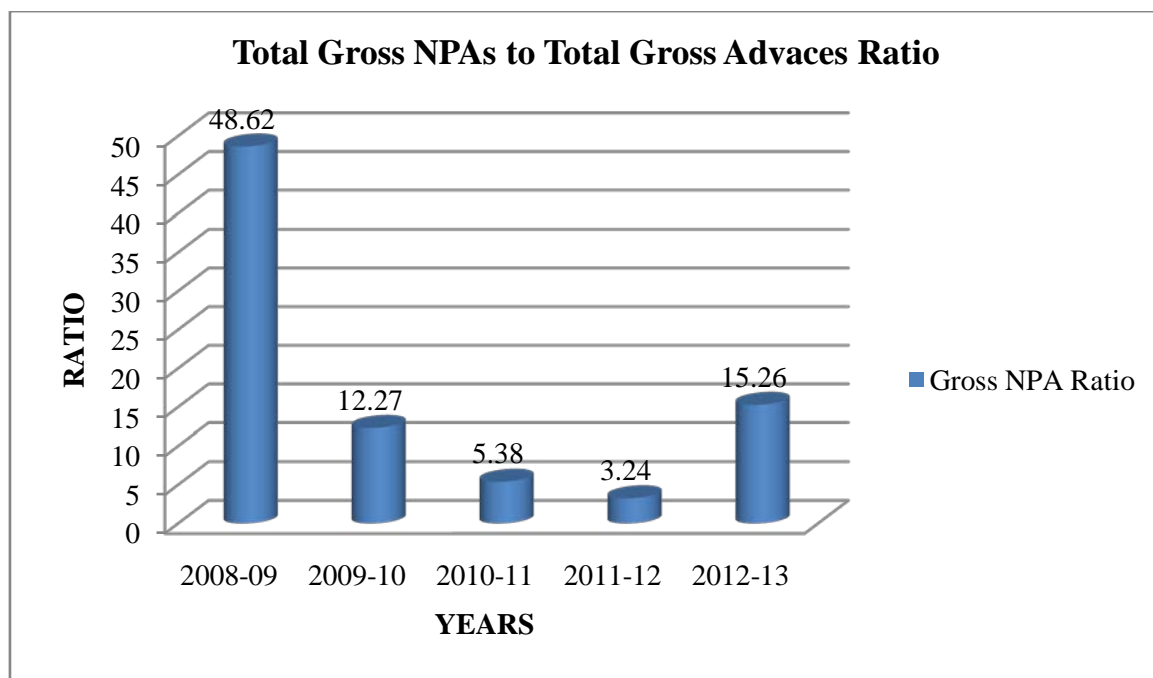
Table 4.2: Shows Total Agriculture Sector Gross Advances and Gross NPA

Years	Total Gross Advances (Rs in lakhs)	Total Gross NPA (Rs in lakhs)	Trend Percentage of Gross Advances	Trend Percentage of Gross NPA	Gross NPA Ratio
2008-09	201.03	97.75	100.00	100.00	48.62
2009-10	783.00	96.09	389.49	98.30	12.27
2010-11	1218.24	65.55	606.00	67.06	5.38
2011-12	1490.86	48.35	741.61	49.46	3.24
2012-13	1801.15	274.80	895.96	281.13	15.26

(Source: SBI Bank Reports of Chintamani Branch)

(Base Year: 2008-09)

Graph -3

Analysis & Interpretation: From table 4.2 found that, the Gross NPA ratio of agriculture sector to total advances showed decreasing trend from the financial year 2008-09 to 2011-12 and again it is increased to 15.26 per cent in the year 2012-13. It is identified that bank is effectively reduced NPA from 48.62 per cent to 15.26 per cent during the study period. Trend percentage of Gross Advances recorded continuous increasing trend from 100 per

cent to 895.96 per cent from the year 2008-09 to 2012-13. Trend percentage of Gross NPA sowed decreasing trend till 2011-12 later it skipped to very high level in the year 2012-13.

**Table 4.3: Showing Total Education Sector Gross Advances and Gross NPA**

Years	Total Gross Advances (Rs in lakhs)	Total Gross NPA (Rs in lakhs)	Trend Percentage of Gross Advances	Trend Percentage of Gross NPA	Gross NPA Ratio
2008-09	13.70	0	100		0.00
2009-10	22.86	1.20	166.86	100.00	5.25
2010-11	35.21	1.83	257.01	152.50	5.20
2011-12	43.36	5.94	316.50	495.00	13.69
2012-13	120.84	40.79	882.04	3399.17	33.75

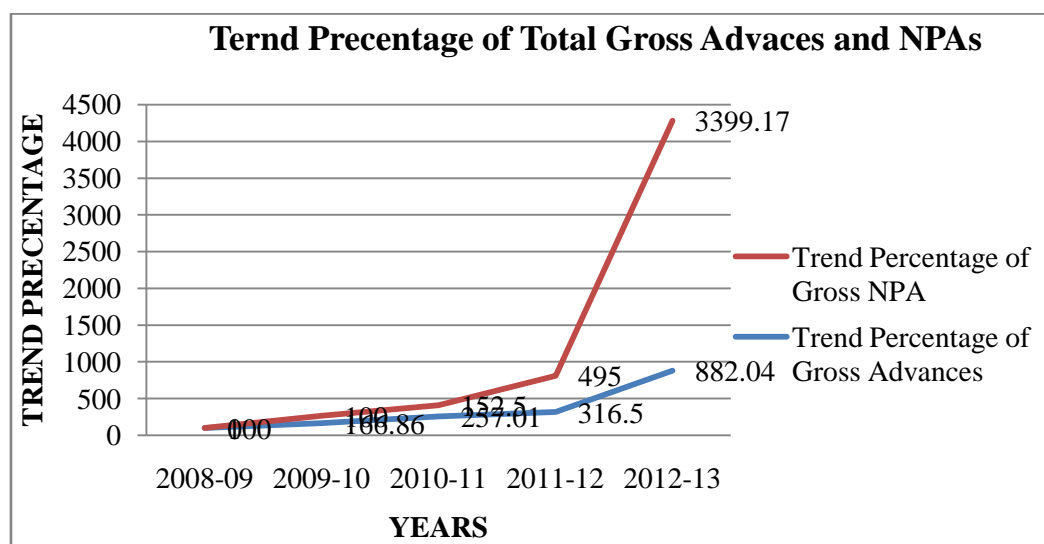**(Source: SBI Bank Reports of Chintamani Branch)**

(Base Year for Gross Advances: 2008-09)

(Base Year for Gross NPA: 2009-10)

Graph -4
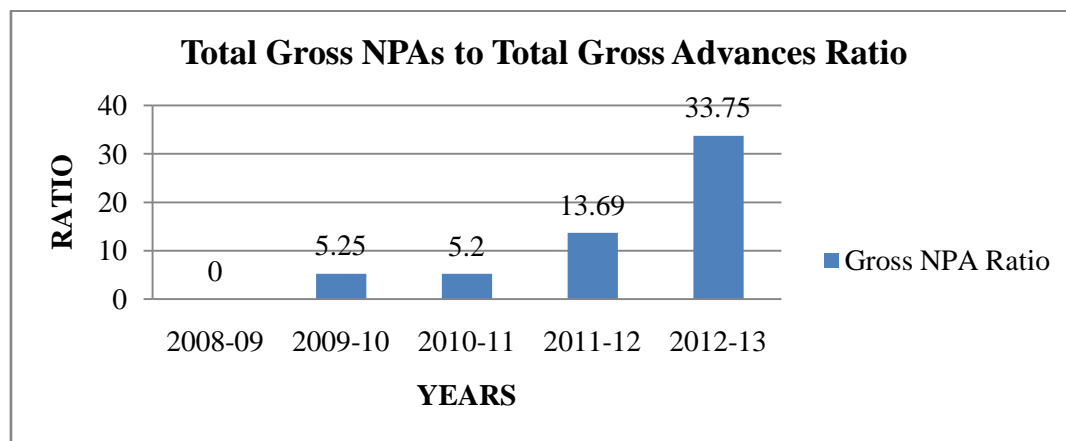
Graph -5

Analysis & Interpretation: From table 4.3 found that, the percentage of total NPA in Education loan sector to total advances was nil in the year 2008-09 later it showed increasing trend with an increasing rate during the study period and reached to 33.75 per cent in 2012-13. It shows that bank is failed to recover the loans early to control NPA. Trend percentage of Gross Advances recorded continuous increasing trend from 100 per cent to 882.04 per cent from the year 2008-09 to 2012-13. Trend percentage of Gross NPA sowed increasing trend till 2011-12 later it skipped to very high level in the year 2012-13. Bank has to implement best strategies to control over NPA in education because in 2012-13 it increased more than 20 per cent of the total credit given has become NPA. Through this table we can understand that the inherent quality of bank's credit appraisal to sanction education loan and the strategies applied to recover was very week.

Table 4.4: Shows Total Housing Sector Gross Advances and Gross NPA

Years	Total Gross Advances (Rs in lakhs)	Total Gross NPA (Rs in lakhs)	Trend Percentage of Gross Advances	Trend Percentage of Gross NPA	Gross NPA Ratio
2008-09	493.51	0.21	100.00	100	0.04
2009-10	499.88	56.56	101.29	26933.33	11.31
2010-11	570.97	14.70	115.70	7000	2.57
2011-12	636.50	12.91	128.97	6147.61	2.03
2012-13	639.75	3.60	129.63	1714.28	0.56

(Source: SBI Bank Reports of Chintamani Branch)

(Base Year: 2008-09)

Graph - 6

Total Gross NPAs to Total Gross Advances Ratio

Analysis & Interpretation: From table 4.4 the ratio of Total NPA in Housing sector recorded highest ratio 11.31 in the year 2009-10. Later it decreased continuously from 2010-11 to 2012-13. It shows that bank was successful to control NPA in housing sector loans. Above table showed that, the trend percentage was continually increasing from financial year 2008-09 to 2012-13 by 100 per cent to 1714.28 per cent gradually increasing. The above chart shows the housing sector loans was gradually increasing during the study period.
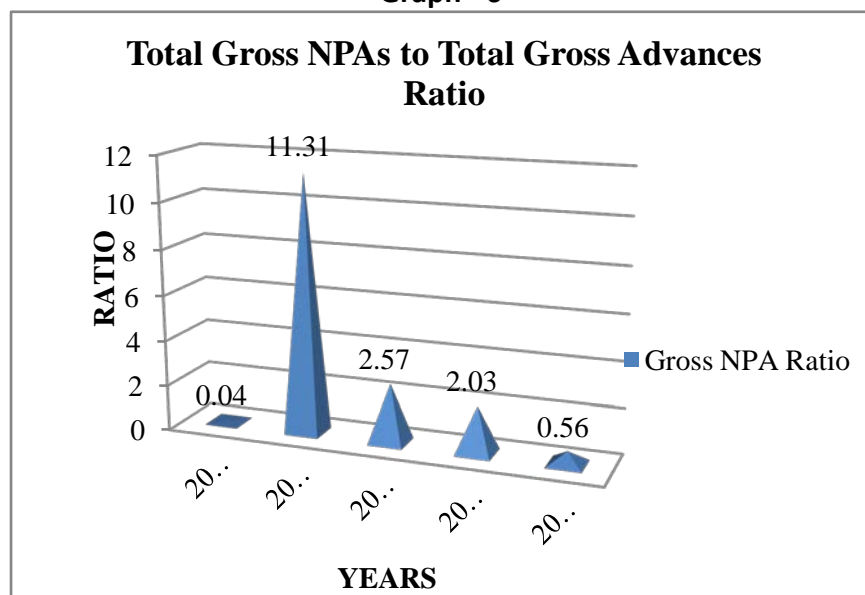
Table 4.5: Shows Total Non-Priority Sector Gross Advances and Gross NPA

Years	Total gross Advances (Rs in lakhs)	Total Gross NPA (Rs in lakhs)	Trend Percentage of Gross Advances	Trend Percentage of Gross NPA	Gross NPA Ratio
2008-09	NA	NA	-	-	-
2009-10	NA	NA	-	-	-
2010-11	441.55	11.97	100	100.00	2.71
2011-12	467.62	4.35	105.90	36.34	0.93
2012-13	396.05	10.44	89.69	87.22	2.64

(Source: SBI Bank Reports of Chintamani Branch)

(NA: Not Available) (Base Year: 2010-11)

Analysis & Interpretation: From the above table 4.5 shows the percentage of total non-priority sector NPA to advances. It showed overall decreasing trend from the financial year 2010-11 to 2012-13. i.e. it is 2.71 per cent to 2.64 per cent. It shows that an effort has been taken to control the NPA. The graph 4.11 showed that, the trend percentage of advances and NPAs recorded overall declining trend during the study period.

Table 4.6: Shows Gross Profit and Net Profits Trend Percentage

Year	Gross profit (Rs in lakhs)	Net profit (Rs in lakhs)	Trend Percentage of Gross Profit	Trend Percentage of Net Profit
2008-09	125.07	52.57	100.00	100.00
2009-10	164.35	84.20	131.41	160.17
2010-11	247.08	126.28	197.55	240.21
2011-12	329.68	90.30	263.60	171.77
2012-13	323.95	104.74	259.01	199.24

(Source: SBI Bank Reports of Chintamani Branch)

(Base Year: 2010-11)

Analysis & Interpretation: The above table 4.6 shows the Gross Profit and Net Profit of bank from the financial year 2008-09 to 2012-13. The Gross Profit was increased from Rs 125.07 lakhs to Rs 323.95 lakhs during the study period. The Net Profit was increased from Rs 52.57

lakhs to Rs 104.74 lakhs during the study period with fluctuations. It showed that, the bank used effective strategies to earn more profit and to maintain overall increasing rate during last five years. The trend percentage of gross profit recorded continuous increasing trend from 100 per cent to 259.01 per cent and in net profit from 100 per cent to 199.24 per cent net profit during the financial year 2008-09 to 2012-13.

Table – 4.7 Shows Priority Sector NPAS and Non Priority Sector NPAS

(Amount in Rs Lakhs)

Year	Priority Sector NPAs		Non-Priority Sector NPAs		Total NPAs	
	Amount in Lakhs	Percentage	Amount in Lakhs	Percentage	Amount in Lakhs	Percentage
2008-09	97.96	0	NA		97.96	100
2009-10	153.85	0	NA		153.63	100
2010-11	82.08	15.67	441.55	84.32	523.63	100
2011-12	67.2	12.56	467.62	87.43	534.82	100
2012-13	320.19	44.70	396.05	55.29	716.24	100

(Source: SBI Bank Reports of Chintamani Branch)

Analysis & Interpretation: The table 4.7 shows the distribution of NPAs of State Bank of India in different sectors for the period of 2008-09 to 2012-13. As far as the banks are concerned, 30% of nonperforming assets belong to the priority sector lending. Non priority sector accounts for 70% of the total NPAs in SBI bank. It is observed that priority sector NPAs had increased from Rs 97.96 lakhs in the year 2008-09 to Rs 320.19 lakhs in the year 2012-13 and non-priority sector NPAs also increased from Rs 441.55 lakhs in the year 2010-11 to Rs 467.62 lakhs in the year 2011-12 and again it decreased to 396.05 lakhs in the year 2012-13. Total NPAs had increased by 638.39 % from Rs 97.96 lakhs in the year 2008-09 to Rs 716.24 lakhs in the year 2012-13. The reason behind this is banks are subjected to provide more loans, which results in higher non-performing assets.

Table – 4.8 Shows Priority Sector NPA Ratio

(Rs in Lakhs)

Years	Agriculture Sector NPAs	Education Sector NPAs	Housing Sector NPAs	Total Priority Sector NPAs	Total Priority Sector Gross Advances	Priority Sector NPA Ratio	Net NPA ratio
2008-09	97.75	Nil	0.21	97.96	708.24	13.83	9.84
	99.78%		**0.21%**	**100%**			
2009-	96.09	1.20	56.56	153.85	**1,305.74**	**11.78**	**10.28**

10	**62.45%**	**0.77%**	**36.76%**	**100%**			
2010-11	65.55	1.83	14.70	82.08	**1,824.42**	**4.49**	**5.52**
	79.86%	**2.23%**	**17.91%**	**100%**			
2011-12	48.35	5.94	12.91	67.2	**2,170.72**	**3.09**	**3.54**
	71.95%	**8.34%**	**19.21%**	**100%**			
2012-13	274.80	40.79	3.60	320.19	**2,561.76**	**12.49**	**15.36**
	71.95%	**12.74%**	**1.12%**	**100%**			

(Source: SBI Bank Reports of Chintamani Branch)

Analysis & Interpretation: The table 4.8 exhibits the priority sector advances and NPAs in priority sector by SBI bank in chintamani during period study. Total priority sector credit of bank have raised from Rs 708.24 lakhs to Rs 2561.76 lakhs. The total priority sector NPAs of bank have raised from 97.96 lakhs at the end of March, 2008 to Rs 320.19 lakhs at the end of March, 2013. It is clear that from table that, the NPAs of the bank by agriculture credit were around 70% during the study period except during the year 2010-11 to 2012-13. The NPAs incurred by bank out of lending to education & housing ranges between 5% and 25%, it is observed that there was an decrease in credit and NPAs in absolute terms. Priority sector NPAs ratio sowed decline trend till 2011-12 during the study period i.e., from 13.83 to 3.09 later it jumped to 12.49 in the year 2012-13. It is understood from the above table the bank had recovered the priority sector credit in time and they managed the priority sector lending's effectively till 2011-12 but they failed to recover agricultural loans which resulted hike in Priority sector NPAs.

HYPOTHESIS-1

Null Hypothesis: There is no significant relationship between Net NPA Ratio and Priority sector NPA ratio of SBI bank in Chintamanni branch during study period.

Alternative Hypothesis: There is a significant relationship between Net NPA Ratio and Priority Sector NPA Ratio of SBI bank in Chintamani branch during the study period.

Interpretation: APPENDIX-1 Exhibits the observed mean difference is 0.22960 since the value of t is .196 at $p < 0.854$, the mean difference (0.22960) between Net NPA ratio and Priority Sector NPA ratio is statistically not significance. According to the significance of .854 (which is more than 0.05), the null hypothesis is accepted. Therefore, it can be inferred that there is no significant relationship between Net NPA ratio and Priority Sector NPA ratio of SBI bank in chintamani during the study period.

HYPOTHESIS-2

Null Hypothesis: There is no actual correlation between Priority Sector NPAs and Non priority Sector NPAs in contribution of Total NPAs of SBI bank in Chintamani branch during the study period.

Alternative Hypothesis: There is actual correlation between Priority Sector NPAs and Non priority Sector NPAs in contribution of Total NPAs of SBI bank in Chintamani branch during the study period.

Interpretation: Note: if p value is less than 0.05 accept null hypothesis and reject alternative hypothesis.**APPENDIX-2**Exhibits correlation between priority sector NPAs and non-priority sector NPAs. Null hypothesis is not accepted as Pearson correlation is -.951, and p = 0.201 (p > 0.05) at confidence level of 0.01. Since p>0.05, there is negative correlation between Priority Sector NPAs and Non-Priority Sector NPAs in contribution to Total NPAs of SBI in chintamani

HYPOTHESIS-3

Null Hypothesis: There is no significant impact of Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.

Alternative Hypothesis: There is a significant impact of Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.

Interpretation: APPENDIX-3 provides the R and R^2value. The R value is .444, which represents the simple correlation. It indicates positive correlation between priority sector advances and total NPAs. Since R^2 value IS 19.7 per cent approximately for priority sector advances, it shows that total NPAs are affected by 19.7 per cent and remaining 80.3 per cent by some other factor. **ANOVA** table indicates that the remaining model predicts the outcome variable significantly well, p < .454, which is greater than 0.05, and we can say that, there no significance impact of priority sector advances on total NPAs of SBI bank by not rejecting the null hypothesis. **Coefficient** table provides us with information on each predictor variable. So the regression equation can be framed as:

Total NPA = 240.230 + 1.144 (Priority Sector Advances)

HYPOTHESIS -4

Null Hypothesis: There is no significant impact of Non Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.

Alternative Hypothesis: There is a significant impact of Non Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.

Interpretation: APPENDIX-4 provides the R and R^2 vaue. The R value is .913, which represents the simple correlation. It indicates positive correlation between non-priority sector advances and total NPAs. Since R^2 value is 83.4 per cent approximately for priority sector advances, it shows that total NPAs are affected by 83.4 per cent and remaining 16.6 per cent by some other factor. **ANOVA** table 4.17 indicates that the remaining model predicts the outcome variable significantly well, $p < .267$, which is greater than 0.05, and we can say that, there no significance impact of non-priority sector advances on total NPAs of SBI bank by not rejecting the null hypothesis. **Coefficient** table 4.18 provides us with information on each predictor variable. So the regression equation can be framed as:

Total NPA = 1777.394 -2.726 (Non-Priority Sector Advances)

7) FINDINGS:

There was a gradual decrease in the percentage of NPA during the last four year, and again 2012-13 is increased. This is achieved by adopting the various strict recovery measures by bank.

➢ The Gross NPA ratio of agriculture sector to total advances showed decreasing trend from the financial year 2008-09 to 2011-12 and again it is increased to 15.26 per cent in the year 2012-13.

➢ The percentage of total NPA in Education loan sector to total advances was nil in the year 2008-09 later it showed increasing trend with an increasing rate during the study period and reached to 33.75 per cent in 2012-13.

➢ Trend percentage of Gross Advances recorded continuous increasing trend from 100 per cent to 882.04 per cent from the year 2008-09 to 2012-13. Trend percentage of Gross NPA sowed increasing trend till 2011-12 later it skipped to very high level in the year 2012-13.

➢ The ratio of Total NPA in Housing sector recorded highest ratio 11.31 in the year 2009-10. Later it decreased continuously from 2010-11 to 2012-13.

➢ The trend percentage was continually increasing from financial year 2008-09 to 2012-13 by 100 per cent to 1714.28 per cent gradually increasing.

- The distribution of NPAs of State Bank of India in different sectors for the period of 2008-09 to 2012-13. As far as the banks are concerned, 30% of nonperforming assets belong to the priority sector lending. Non priority sector accounts for 70% of the total NPAs in SBI bank.

- The total priority sector NPAs of bank have raised from 97.96 lakhs at the end of March, 2008 to Rs 320.19 lakhs at the end of March, 2013. It is clear that from table that NPAs of the bank by agriculture credit were around 70% during the study period except during the year 2010-11 to 2012-13.

- There is a significant relationship between Net NPA Ratio and Priority Sector NPA Ratio of SBI bank in Chintamani branch during the study period.

- There is actual correlation between Priority Sector NPAs and Non priority Sector NPAs in contribution of Total NPAs of SBI bank in Chintamani branch during the study period.

- There is a significant impact of Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.

- There is a significant impact of Non Priority Sector Advances on Total NPAs of SBI bank in Chintamani branch during the study period.

8) SUGGESTIONS:

- The bank has to take care of recovery management in agriculture sector with proper execution and planning.

- The banks concerned should continuously monitor loans to identify accounts that have potential to become Nonperforming.

- Timely visit by the field staff and making personal contact with the borrowers.

9) CONCLUSION:

The NPAs have always been a big worry for the bank in India. It is just not a problem 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 NPAs is comparatively higher in SBI in chintamani branch to improve the efficiency and profitability the NPAs have to be scheduled. The bank has to take number steps to reduce & advances, and priority sector of bank.This has led to decline in SBI bank in chintamani, but a lot more needs to be done it is highly impossible to have zero percentage NPAs. But at least bank can try competing with

other branches to maintain standard level fact that a part of the reduction in NPAs is due to the writing off bad loans by the banks.

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APPENDIX-1

Paired Samples Statistics		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Priority sector NPA ratio	9.1360	5	4.96017	2.21826
	Net NPA ratio	8.9064	5	4.60152	2.05786

Paired Samples Test									
		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		T	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	Priority sector NPA ratio & Net NPA ratio	.22960	2.61655	1.17016	-3.01928	3.47848	.196	4	.854

APPENDIX-2

Correlations			Priority Sector NPA	Non Priority Sector NPA
Priority Sector NPA	Pearson Correlation		1	-.951
	Sig. (2-tailed)			.201
	N		5	3
Non Priority Sector NPA	Pearson Correlation		-.951	1
	Sig. (2-tailed)		.201	
	N		3	3

APPENDIX-3

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.444[a]	.197	-.070	276.28145
a. Predictors: (Constant), Priority Sector Gross Advances				

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56262.431	1	56262.431	.737	.454[b]
	Residual	228994.327	3	76331.442		
	Total	285256.758	4			
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)	240.230	228.504		1.051	.370
Priority Sector Advances	1.144	1.332	.444	.859	.454

APPENDIX-4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.913[a]	.834	.668	62.33278
a. Predictors: (Constant), Non Priority Sector Advances				

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19493.640	1	19493.640	5.017	.267[b]
	Residual	3885.375	1	3885.375		
	Total	23379.015	2			
a. Dependent Variable: Total NPA						
b. Predictors: (Constant), Non Priority Sector Advances						

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1777.394	530.632		3.350	.185
Non priority sector advances	-2.726	1.217	-.913	-2.240	.267