**A Study on “Non Performing Assets” In Yes Bank for the last five Financial Years**

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**ABSTRACT**

The occurrence of non-performing assets had been affected by the performance of the bank, financially that had been reflected in the financial statement of the bank. With the increase of concern towards the circle office’s non-performing assets, with special reference to Yes bank, the study was undertaken to analyze the reason for the non-performing assets and managing the non-performing assets.

The study covers the non-performing of the management with respect to Yes bank, Bangalore. The study includes all the information taken from balance sheet of last 5years. Non-performing Assets department and also from the staff working in the same. The scope of the study is limited to the bank only. The study overall covers the performance of the top Non Performing Assets (NPA) accounts for the last 5 years.

The study on nonperforming assets has enabled us about the working of the banks on the assets and has endorsed us with a lot of knowledge. It has enhanced us with how the banks manage their various loan accounts. It enrolled the whole working in the bank with all Non Performing Assets (NPA) accounts. It has procured the various steps to come up with the solution towards it and is trying to solve the problem, which has a great impact on the profitability of the bank.

Nonperforming assets is not only faced by banks but being faced by almost all the financial organizations. Due to this, it affects the profitability of the organizations and they need to suffer huge losses. There are customers, who avail the loans and later they are unable to repay it back. For such customers banks need to suffer. It hampers the organization from the financial part of the organization which at all hampers the organization as a whole.

A comparative study was being done from the data provided by the bank. The various data analysis had been analyzed as per the data being collected. There were many causes which depicted the various loan accounts of the customers. The study implied the gist analysis on the Non Performing Assets (NPA) accounts on the basis of the categorization the loans. Hence the study had been effective and useful, with the scrutiny of various account and also enabled me the reason behind it.

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# CHAPTER-I

# INTRODUCTION

## 1.1 INTRODUCTION TO THE STUDY

# The banks are commercial organization and the main business of banking is to collect the deposits from the public and lend it to the individuals, business concerns, institution etc. The lending business is associated with risk. One of the risks in lending is the possibility of account becoming nonperforming assets. Non-performing assets (NPA) do not earn interest income and repayment of loan to bank does not take place according to repayment schedule affecting income of the bank and their by profitability. The non- performing assets do not generate interest but at the same time require banks to make provision for such non performing assets out of their current profit. The term Non-Performing Assets figured in the Indian banking sector after introduction of financial sector reforms in 1992. The prudential norms on income recognition, assets classification and provisioning thereon are implemented from the financial year 1992-93, as per the recommendation of the committee on the Financial System (Narsimham Committee). These norms have brought in quantification and objectivity into the assessment and provisioning for Non Performing Assets (NPA). Reserve Bank of India constantly endeavors to ensure that prescriptions in this regard are close to international norms. The efficiency of a bank is not always reflected only by the size of its balance sheet but by the level of return on its assets. Non Performing Assets (NPA) do not generate interest income for the banks, but at the same time banks are required to make provision for such Non Performing Assets (NPA) from their current output. Non Performing Assets (NPA) has an adverse effect on the return on assets in several ways:

# They erode current profits through provisioning requirements.

# They result in reduced income.

# They require higher provisioning requirements affecting profits and accretion to capital funds and capacity to increase good quality risk assets in future.

# They limit recycling of funds, set in asset liability mismatch.

## 1.2 BACKGROUND OF THE STUDY

The banking sector plays an important role in the economic growth of a country. Through its intermediary activities, the banking sector fosters the production, distribution, exchange and consumption processes in the economic system. It stimulates the flow of funds in the economy and fuels economic growth. The efficiency of banking system, thus determines the pace of development of the economy. Similar to any other business enterprise, the efficiency of a bank is evaluated based on profitability and quality of assets it possess. But unlike other commercial ventures, Indian banking has social commitments integrated into its operations. The banking system in India has had to serve the goals of economic policies enunciated in successive five year development plan, particularly concerning equitable income distribution, balanced regional economic growth and the reduction and elimination of private sector monopolies in trade and industry. In the post-independence period, the banking sector has played a catalyst and commendable role in supporting the government to achieve its social and economic objectives through deposit mobilization, mass branch networking, and priority sector lending, employment generation etc. Achieving such societal objectives resulted in imposing extensive regulations by the government which in turn hampered the productivity of Indian banking during the pre-liberalization era.

An evaluation of the Indian banking industry during the pre-liberalization era revealed the presence of several shortcomings which crept into the financial system over the years’ notably reduced productivity, deteriorated asset quality and efficiency and increased cost structure due to technological backwardness. Among these deficiencies, policy makers identified the erosion of asset quality as the most significant obstacle for the development of a sound and efficient banking sector. In fact, the various practices that were followed during pre-liberalization period that includes asset classification using health code system, accrual basis used to book interest in bank accounts etc., concealed the gravity of asset quality issues of the banking sector. The asset quality is a prime concern and impacts various performance indicators, i.e., profitability, intermediation costs, liquidity, credibility, income generating capacity and overall functioning of banks. The reduction in asset quality results in accumulation of Non-Performing Assets (NPAs). The intermediation process is the principal function of a commercial bank. Since it involves counterparty risk; risk is inherent in banking. A banker should expect that all loan portfolios’ will not fetch returns/earnings in the normal course. The loans/advances is an important source of income for the banks. The strength and soundness of the banking system primarily depend on the quality and performance of the loan portfolio, i.e. the fulfillment of obligations by borrowers promptly. Non-performing assets indicate an advance for which interest or repayment of principal or both remains overdue for a period of 90 days or more. An advance/loan is treated as non-performing when it fails to satisfy its repayment obligations. Thus, non-performing assets are loans in jeopardy of default. The level of NPAs is an indicator of the efficiency of banker’s credit risk management and efficiency of resource allocation to productive sectors.

The Basel Committee on Banking Supervision defines credit risk as “potential default of a borrower to meet the obligation in accordance with the agreed terms” (BIS, 2005). Higher non-performing assets resulted in many bank failures (Nayak *et al*, 2010). NPAs represent a real economic cost in modern days as they reflect the application of scarce capital and credit funds to unproductive use. It also affects the lending capacity since funds are blocked and repayment is disturbed and has also resulted in additional cost for intermediation and realizing the NPAs. The banking sector reforms in India during the post-liberalization period mostly focused on improving the efficiency of the banking sector by incorporating prudential norms for income recognition, asset classification and provisioning and through integrating international standards. The alarming level of NPAs is recognized as one of the major explanations for implementing structural changes and reform measures in the banking sector during this period. Keeping in view the inefficiencies in the banking sector and the presence of non-performing assets, the Committee on Financial System (Narasimham Committee – I) was set up. Few observations of Narasimham Committee –I on the banking sector and its inefficiencies include;

* Gross profits before provisions were no more than 1.10% of working funds indicating low profitability of banks.
* Net profit of public sector banks (PSBs) as a percentage of total assets show as low as 0.17%.
* Average operating costs of banks as a percentage of assets was about 2.3% in India, while it was as low as 1.10% in China, 1.60% in Malaysia, 1.90% in Thailand, 1.00% Japan and 2.10% in European countries.
* The Cash Reserve Ratio (CRR) stood at its legal upper limit of 15% and SLR at 38.50%.
* The Credit to Deposit Ratio (CDR) shows 62.54% and Investment- Deposit Ratio of 38%.
* Huge amount of NPA without any clear cut regulation.
* 40% of bank credit channelize to priority sector at concessional rate.
* Restriction on entry and expansion of domestic, private and foreign banks.
* Non-interest income as percentage of total income shows 9.25%
* High intermediation cost as 2.61%
* The Capital adequacy ratio was 1.5% in India as compared to 4% in
* Korea and Pakistan, and 4% to 6% in Taiwan, Thailand and Singapore.

Banking reforms were initiated to upgrade the operating standards, health and financial soundness of banks to internationally accepted levels in an increasingly globalized market (Pathak, 2009). The reforms have been undertaken gradually with mutual consent and wider debate amongst the participants and in a sequential pattern that is reinforcing to the overall economy (Badola and Verma, 2006). These reform measures substantiate the views that highlight the key role in economic development that could be played by a banking system free from the types of controls on interest rates and quantities that were prevalent at the time (Barajas *et al*, 2012). Two decades had completed since the banking sector initiated measures to uplift the banking sector in line with international standards and to improve productivity and efficiency of banks. Many researches on NPA illustrated the relationship between asset quality and financial distress and considered management of NPA as a major prerequisite to counter the recessionary pressures and foster economic development. Some of the major observations from previous researches include;

* The problem of the NPA is severe in countries where severe government intervention had led to the institutional decay of banks or prevented their sound development (Renaud, 1997)
* NPA management assumes priority over other aspects of bank functioning (Batra, 2003)
* The existing capital adequacy regulations tried to protect the interest of depositors (avoiding bankruptcy), but impacted availability of funds for productive purposes. (Murinde and Yaseen, 2004)
* Reduction in NPA ratios does not indicate a reduction of fresh NPA. For ex, Banks have aggressively provided for their bad debts from the treasury profits during 2003-04 in order to show a better NPA picture, resulting a decline in NPA by 24.7% as against a decline of 8% in 2002-03. (Pathak, 2009)
* The NPA is a significant threat to Indian Banking Sector (Estrella et al, 2000; Gopalakrishan, 2004; Ahmed et al, 2007; Heid and Kruger, 2011)
* The Slowdown in economic growth and rapid credit growth are independently associated with higher levels of NPA (Bock and Demyanets, 2012)

Upon analyzing the banking sector in India, it is evident that the NPAs still pose a significant threat to the banking sector. This research is an attempt to examine the non-performing assets of public sector banks (PSBs) in India and to evaluate the various facets of NPA and its management in Indian banking sector.

**Recovery Policy**

There are various policies which are to be speed up for the various recovery processes and certain charges are to be applied for the same. The securitization act implies that the bank had been empowered the possession of the various assets being mortgaged in a perfect manner. And then being disposed within the reasonable period through the long process.

The various steps involved in the recovery processes are as:

* The security availability is to be examined.
* The existence and reliability is ascertain of the securities.
* The stock being hypothecated to the bank and the same is to be disposed.
* The Export Credit Gurantee Corporation of India is to be notifed.
* The criminal action being necessary is to be intimated
* The documents to be checked by enforceability.

## 1.3 STATEMENT OF THE PROBLEM

The level of the NPA indicates the efficiency of banker’s credit risk management and allocation of resource. The measures incorporate to manage NPA can be classified into precautionary measures and curative measures. Precautionary measures focus strengthening credit risk management system and continuous risk assessment systems of the bank. This will reduce the instances of fresh NPA that have been generated. The curative measures are reactionary in nature and focused on recovering from NPA accounts. It includes measures initiated by Reserve Bank of India (RBI) such as setting up Asset Reconstruction Companies (ARCs), Debt Recovery Tribunals (DRTs), Securitization Act, Compromise Settlement Schemes, etc.

In the present scenario, vast scale projects are profited by different Indian foundations, in the mean while little and medium scale business likewise require budgetary help. Consequently, there emerges a need to address that what are monetary related help given by Yes bank.

## 1.4 PURPOSE OF THE STUDY

* To study the reason for Non-performing Assets
* To understand the various factors affecting the accounts and how it is becoming Non Performing Assets (NPA) in the banking sector
* To study and know the prevention measures towards non-performing accounts.

In this study know the Non-performing assets of Yes Bank. The Studied that NPAs are considered as an important parameter to judge the performance and financial health of Yes Bank.

The main aim this research conducted in Yes Bank from the results of past five financial years concerning the effectiveness of Non Performing Assets management and to find out the inadequacy in the management while handling Non Performing Assets and also to suggest some measure to increase its efficiency in using Non Performing Assets.

**1.5 RESEARCH QUESTION(S) AND OBJECTIVES**

This research question(s) and objectives to be achieved as at the end of the dissertation

**1.5.1 Research Questions**

The various research questions addressed in this study include;

* Whether the Non Performing Assets (NPA) of Yes Bank is efficiently managed?
* Do additions to Non Performing Assets (NPA) occur at a faster rate in post millennium period?
* Do the selected micro and macro variables pose a mediating and moderating effect on asset quality of Yes Bank?
* What are the various reasons and the significance of each in creating Non Performing Assets (NPA)?

## 1.5.2 Objectives of the Study

The specific objectives of the study are;

* To analyze Non Performing Assets (NPA) of Yes Bank.
* To examine the various Non Performing Assets (NPA) loans accounts.
* To analyze the Categorization of Non Performing Assets.
* Calculating and analyze Net Non Performing Assets (NNPA) to Total Asset Ratio in Yes bank

**1.6 DEFINITIONS**

**Definition of Non-performing Assets (NPA):**

An asset, including a leased asset, is called Non-performing Assets (NPA) when the asset ceases to generate income for the bank. If interest and or installment of principal amount of loan remain overdue for a period of more than 90 days, of term loan or the account remain ‘out of order’ in case of overdraft/Cash Credit account or the bills purchased /discounted remain overdue for a period of more than 90 days the account, such accounts will be classified as Non-performing Assets (NPA).

In case of agricultural advance the account is classified as Non-performing Assets (NPA), if the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops. In the case of long duration crop loans, the account will be classified as Non-performing Assets (NPA) if the outstanding is overdue for more than one crop season.

A Kisan Credit Card (KCC) account can be classified as ‘standard’ when the balance outstanding is less than or equal to drawing limit [short term (crop) loan] at any point of time during the preceding one year. In the other words, the short term loan (with major component of crop loan) sanctioned on the Kisan Credit Card (KCC) can be given the same treatment as a “cash credit” account for the purpose of applying prudential norms and should not be treated as “out of order” if the balance outstanding is less than or equal to the drawing limit and each drawl is repaid within a period of 12 months. Term loan under Kisan Credit Card (KCC) has fixed repayment schedule and is to be governed by extant prudential norms.

The assets of the banks which don’t perform (that is don’t bring any return) are called Non Performing Assets (NPA) or bad loans. Bank’s assets are the loans and advances given to customers. If customers don’t pay either interest or part of principal or both, the loan turns into bad loan.

According to Reserve Bank of India (RBI), terms loans on which interest or installment of principal remain overdue for a period of more than co days from the end of a particular quarter is called a Non-performing Asset. However, in terms of Agriculture / Farm Loans; the Non-performing Assets (NPA) is defined as under:

* For short duration crop agriculture loans such as paddy, Jowar, Bajra etc. if the loan (installment! interest) is not paid for 2 crop seasons, it would be termed as a Non-performing Assets (NPA).
* For Long Duration Crops, the above would be 1 Crop season from the due date.

**Definitions of Non Performing Assets (NPA) by Reserve Bank of India (RBI):**

1. An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.
2. A non-performing asset Non Performing Assets (NPA) is a loan or an advance where;
3. Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
4. The account remains „out of order‟ as indicated at paragraph 2.2 below, in respect of an Overdraft /Cash Credit (OD/CC),
5. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
6. 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,
7. The installment of principal or interest thereon remains overdue for one crop season for long duration crops,
8. 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.
9. In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain uNon Performing Assets (NPA)id for a period of 90 days from the specified due date for payment.
10. Banks should, classify an account as Non Performing Assets (NPA) only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.
11. ‘Out of Order’ statuses: An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.
12. ‘Overdue’: Any amount due to the bank under any credit facility is „overdue‟ if it is not paid on the due date fixed by the bank. (rbi.org.in)

## 1.7 SCOPE AND DELIMITATIONS OF THE STUDY

The data for the project used is three consecutive years from 2020 to 2022 at Yes Bank.

* Survey and assess the aggregate size of the Non Performing Assets (NPA).
* Investigate the monetary implications of this Non Performing Assets (NPA).
* Look at the operational legitimacy of setting up Branch of Non Performing Assets (NPA).

## 1.8 LIMITATIONS OF THE STUDY

* The findings of the study cannot be generalized to other states.
* Owing to confidentiality enforced by the Yes Bank, various information could not be obtained.
* The study is conducted in the confined time limit.
* The findings of the study cannot be generalized to other branches.
* The data was collected only for the period of five years.
* As the guidelines of Reserve Bank Of India (RBI) regarding the Non Performing Assets (NPA)’s keeps changing every year, the recommendation, findings and suggestions are only specific to the period of study.

## 1.9 SIGNIFICANCE OF THE STUDY

The main aim of any person is the utilization of money in the best manner since the India is country where more than half of population has problem of running the family in the most efficient manner. However Indian people faced large number of problem till the development of full-fledged banking sector. The Indian banking sector came into the developing nature mostly after the1991 government policy. The banking sector has really helped the Indian people to utilize the single money in the best manner as they want. The banks not only accept the deposits of the people but also provide them credit facility for their development. Indian banking sector has the nation in developing the business and service sectors. But recently the banks are facing the problem of credit risk. It is found that many general people and business people borrow from the banks but due to some genuine or other reasons are not able to repay back is known as the non performing assets. Many banks are facing the problem of Non Performing Assets (NPA) which hampers the business of banks. Due to Non Performing Assets (NPA) the income of the banks is reduced and the banks have to make the large number of the provisions that would curtail the profit of the banks and due to that the financial performance of the banks would not show good results.

**1.10 INDUSTRY PROFILE AND COMPANY PROFILE**

### INDUSTRY PROFILE

The oldest bank in Indian Banking industry is the “State Bank of India” being established as the “Bank of Bengal” in Calcutta in June 1806. The first fully Indian owned Bank was the “Allahbad Bank”, which was established in 1865. By the 1900s, the market expanded with the establishment of Banks such as “Punjab National Bank”, in 1895 in Lahore and Bank of India, in 1906, in Mumbai. The “Reserve Bank of India” formally took on the responsibility of regulating the Indian banking sector from 1935. After India’s independence in 1947, the Reserve Bank was nationalized and given broader powers. In the early 1990’s the then Narsimha Rao government embarked on a policy of liberalization and gave licenses to a small number of private Banks, which came to be known as New Generation tech-savvy banks, which included banks such as Global Trust Bank (the first of such generation banks to be set up) which later amalgamated with Oriental Bank of Commerce, UTI Bank (Now re named as Axis Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, kick started the Banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of Banks, namely

Government Banks,

Private Banks, and

Foreign Banks

The next stage for the Indian Banking has been set up with the proposed relaxation in the norms for Foreign Direct Investment (F.D.I.), where all foreign investors in banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 49% with some restrictions. The new policy shocks the banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (borrowing at 4%; lend at 6%; go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional Banks. All this led to boom in India People just not demanded more from their Banks but also received more.

In March 2006, the Reserve Bank of India allowed Warburg Pincus to increase its stake in Kotak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in the private sector Bank since the RBI announced norms in 2005 that any stake exceeding 5% in the private sector banks would need to be vetted by them. In (2007), banking in India is generally fairly mature in terms of supply, product range and reach-even, though reach in rural India still remains a challenge for the private sector and foreign Banks. In terms of quality of assets and capital adequacy, Indian Banks are considered to have clean, strong and transparent balance sheets relative to other Banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate and this has mostly been true. With the growth in the Indian economy expected to be strong for quite some time especially in its service sector-the demand for Banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M&A’s, takeovers, and asset sales.

Currently, India has 88 scheduled commercial banks (SCBs)

* 28 public sector banks (that is with the government of India holding a stake),
* 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges)
* And 31 foreign banks.

**BANKING**

The word "BANK" is derived from the 'Bancus' or 'Banque', which means a bench. In the early days the European moneylenders and moneychangers used to sit on the benches and exhibit coins of different countries in big heaps for the purpose of changing and lending money,

**Definition:**

A Banking company is defined as a company, which transacts the business of banking in India.

**As per Banking Regulation Act 1949 Section 5(b)**

"Banking means, accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, or otherwise."

**According to Sir John Paget**

"No person or body, corporate or otherwise can be a banker who does not, (a) take deposits accounts, (b) take current accounts, (c) issue and pay cheques, (d) collect cheques, crossed and uncrossed, for his customers." In simple words we can say that bank is a financial institution which deals in money and credit by obtaining deposits from public and giving loans and credit to trade and industrial respectively. "

**FUNCTIONS OF BANKS**

1. **Primary Functions**
2. Acceptance of deposits
3. Making Loans and Advances Loans
4. Overdrafts Cash Credit
5. Discounting of Bills of Exchange
6. **Secondary Functions**
7. **Agency Functions**

* Collection of cheques and bills etc Collection of interest and dividend
* Making payment on behalf of customers .Purchase and sale of securities.
* Facility of transfer of funds
* To act as trustee and executor

1. **Utility Functions**

* Safe custody of customer’s valuable articles and securities. Underwriting facility
* Issuing of Traveller's cheque and letter of credit Facility of foreign exchange
* Providing trade information
* Providing information regarding credit worthiness of their customers.

**CLASSIFICATION ON BASIS OF OWNERSHIP**

On the basis of ownership banks are of the following types**:**

1. **PUBLIC SECTOR BANK**

Public sector banks are those banks that are owned by the Government. The Govt. runs these Banks. In India 14 banks were nationalized in 1969 & in 1980 another 6 banks were also nationalized. Therefore in 1980 the number of nationalized bank 20. But at present there are 9 banks are nationalized. All these banks are belonging to public sector category. Welfare is their principle objective.

1. **PRIVATE SECTOR BANKS**

These banks are owned and run by the private sector. Various banks in the country such as ICICI Bank, ICIC Bank etc. An individual has control over there banks in preparation to the share of the banks held by him.

1. **CO-OPERATIVE BANKS**

Co-operative banks are those financial institutions. They provide short term & medium term' loans to their members. Co-operative banks are in every state in India -Its branches at district level are known as the central co-operative bank. The central co-operative bank in turn has its branches both in the urban & rural areas. .Every state cooperative bank is an apex bank, which provides credit facilities to the central co-operative bank. It mobilized financial resources from richer section of urb3n population by accepting deposit and creating the credit like commercial bank and borrowing from the money mkt. It also gets funds from RBI.

**COMPANY PROFILE**

Yes Bank, India’s new age private sector Bank is the outcome of the professional Commitment of its founder Mr. Rana Kapoor supported by his highly competent top

Management team to establish a high quality, customer centric, service driven, private

Indian Bank catering to the “Future Industries of India”.

Yes Bank has adopted international best practices, the highest standards of service quality and operational excellence, and offers comprehensive banking and financial solutions to all its valued customers. A key strength and differentiating feature of Yes Bank is its knowledge driven approach to banking and an unprecedented customer experience for its retail and wealth management clients. Yes Bank is steadily building corporate and institutional banking, financial markets, investment banking, corporate finance, business (Small &Medium Enterprises) and transaction banking, international banking, retail banking and wealth management business lines across the country. The Bank’s constant endeavour is to provide a delightful banking experience expressed with simplicity, empathy, and totality.

Yes Bank understands the financial needs of the Government of India, in its progress and development role of a ‘Growing India’ through Yes Bank’s Knowledge Banking approach and the objective of being the “Bank for an Emerging India”. Yes Bank remains committed to serving this specialized segment.

Yes Bank’s knowledge Banker’s deliver innovative, structured and comprehensive solutions through a “Money Doctor” approach focusing on diagnostic and prescriptive attention to detail. This is facilitated through Yes Bank’s Technology leadership delivering proven, easy-to-use solutions for Government Undertakings and agencies. Yes Bank has provided financial and advisory services to Ministries of the Union Government, State Governments, Central and State Public Sector Undertakings (PSU’s) and Agencies.

In a short span of over three and a half years the Government Relationship Management (GRM) team has developed robust relationships with over 100 entities. The GRM team is committed to the core values of client orientation, innovation and superior service experience that exemplify all Businesses at Yes Bank. GRM team is providing the Knowledge Advisory, Liquidity Management and Investment Products, Transaction Banking, trade finances, cash management services, Treasury services, Forex Remittances, debt capital markets, investment managements, corporate salary accounts, Advisory structured transactions, term loans, and cash credit limits to various government operations like IFFCO, SAIL, Airport Authority of India, IOCL, NDPL, HPCL, Bridge & Roof co.(India) ltd and many more.

**BUSINESS STRATEGY**

**Knowledge Banking: -** One of the strengths and differentiating features of Yes Bank is its knowledge banking approach that is the essence of all offerings to its customers. Knowledge has been institutionalized as a key ingredient in all internal and external processes and utilized to create customized solutions for the clients’ specific requirements.

**Technology and Operations: -** As a new generation Bank, Yes Bank has the advantage of accessing the latest available technology. The Bank has taken a calibrated decision to invest in the best IT system and practices in order to make its technology platform a strategic business tool for building a competitive advantage.

**Responsible Banking: -**Yes Bank has a vision to champion ‘Responsible Banking’ in India, where the concepts of Corporate Social Responsibility (‘CSR’) and sustainability are integrated in its Business focus.

**Business Lines: -**Yes Bank has four distinct business segments to effectively service the differentiated needs of its targeted customers.

**Corporate and Institutional Banking (C&IB): -**To cater to the needs of large corporate & institutional clients, MNC’s, government companies and PSU’s. Bank targets C&IB customers through its multifunctional branches in the key metropolitican cities.

**Emerging Corporate Banking (ECB): -**It is dedicated to partner with growth-focused, fast-paced enterprises, which are emerging as a leader in their respective business areas.

**Business Banking: -**To cater to the needs of the small and medium enterprises (SME), Yes Bank has set up a dedicated business unit to focus on delivering superior banking solutions specially designed to meet the varying and dynamic needs of its SME clients.

**Retail Banking and Wealth Management: -**The Bank intends to develop Retail Banking into a key value driver. Yes Bank offers its customers choice & convenience, reflected in its branch layout & design, product feature /design, options of distribution channels and superior technology enabled service quality. Yes Bank predominantly offers value added retail liability and third party wealth management products as well as retail asset offerings through its sales and service network linked to its branches.

**Private Banking: -** Yes Bank is focusing on personalized relationship banking for its top end High Net worth customers, supported by structured financial solutions tailor-made to suit the needs of such customers.

**Product lines: -** Yes Bank offers a wide range of fee-based products to corporate and

business banking customers to ensure a high degree of cross-sell to clients.

**Financial Markets: -**Yes Bank financial markets was ranked second in the ‘Best for

currency strategy’ and ‘best for technical analysis’ categories at the Asia Money 2005

foreign exchange poll for India.

**Transaction Banking: -**Yes Bank Transaction banking group has adopted a consultative approach and focus on knowledge and relationship banking to enable customers to address strategic financial and operating needs in the domain of:

* Working capital and liquidity management
* Asset management
* Treasury integration
* Exposure and risk management

Yes Bank proposes to apply industry knowledge and superior technology for offering

Innovative structured solutions integral to a company’s financial supply chain.

**Yes International Banking: -** It offers a complete suite of international banking products and services, driven by state-of-the art technology, which includes Debt, Trade finance, corporate finance, Investment banking and business advisory services, treasury and global Indian banking. The Bank also plans to leverage its international presence, for its capital raising activities. These services will initially be through partnerships with international banks and financial institutions followed by the establishments of branches and representative offices, as per regulatory approvals.

**Brand Creation: -** The Bank believes that its differentiation begins with its service and trust mark ’YES’. ‘YES’ represents the bank true spirit of being service-oriented. The ‘YES’ brand creation effort is supported by ‘Triton Communications’, the principal advertising agency and ‘Ad factors PR’, the Bank’s public relation consultant.

**Listings and Shareholding**

**As of March 2018, as per its annual shareholder's report, the three largest shareholders of Yes Bank limited were:**

Foreign portfolio investors (43%),

Insurance companies (14%),

And mutual funds including UTI (10%).... (3%)]

And other investors including Madhu Kapur (8%),

Mags Finvest Pvt. Ltd.

# CHAPTER II

# LITERATURE REVIEW

# To achieve the objectives of the study, the available literature has been scanned as no research is complete without a scientific analysis of the literature and scholarly works and thereby, cannot contribute significantly towards the promotion of knowledge. Scanning of available literature was done taking the help of abstracts, journals, reviews, books, reports and websites etc. The purpose of the literature review is to identify research gap and to identify research gap and to provide a background to and a justification for the research to be undertaken. It is an account of what has been published on the topic by accredited scholars and researchers and it discusses published information in a particular subject area and sometimes, within a certain time period. An article on " Analysis of Non Performing Assets (NPA) in need segment loaning: A near think about between open area banks and private segment banks of India'' is composed by Dr. Suresh Patidar. This paper looks at the Non Performing Assets (NPA) in need area loaning and a similar examination is done amongst open and private banks. The investigation dissected need segment to discover the rate offer of Non Performing Assets (NPA) of all banks and to discover the noteworthy effect of need segment loaning on the aggregate Non Performing Assets (NPA) of banks utilizing devices like relapse analysis and proportion examination. The outcomes demonstrated the noteworthy effect of need segment loaning on add up to Non Performing Assets (NPA) of open segment banks while if there should arise an occurrence of private segment Banks, there was no noteworthy effect of need area loaning on add up to Non Performing Assets (NPA) of Banks. A number of studies have been conducted on this topic in India and abroad. Review of all these studies is not possible. In this chapter, an attempt has been made to review the studies conducted on non performing advances to decipher main gaps in literature. A few of them are enumerated below:

# 2.1 THEORETICAL FOUNDATION

# In the wake of the money related changes attempted by the Government of India in view of the Narasimhan Committee report I and II, prudential standards were presented by Reserve Bank of India to address the credit observing procedure being received and sought after by the banks and budgetary foundations. To fortify further the recuperation of duty by banks and monetary establishments, Government of India declared The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Performing Assets are the various distinguished standard or the credit where the major period is not late by 90 days through the end of the financial year. It does not convey any hazard to the ordinary business. NPA refers to Nonperforming asset are the asset which implies the various classification for loans in the books of accounts which are default and have arrears on the payment of interest or principal amount. In many cases, debts are being classified as nonperforming, when loan payment has not been made for a period of 90 days. Usually banks classify their loans as nonperforming after the period of 90 days of nonpayment of principal or interest that can occur during a term of loan or due to failure at maturity. Loan can be categorized nonperforming, if the company pay the interest but cannot repay on the maturity the principal. A record is proclaimed as Non Performing Assets (NPA) in light of the recuperation of portions and enthusiasm on advances and progresses and different perspectives according to RESERVE BANK OF INDIA (RBI) standards. The refreshed standards to proclaim the record as Non Performing Assets (NPA) are as per the following according to RESERVE BANK OF INDIA (RBI) rules:-

# A benefit, including a rented resource, progresses toward becoming non-performing when it stops to produce pay for the bank. A non performing resource (NPA) is a credit or a propel where;

# Interest and additionally portion of central stay past due for a time of over 90 days in regard of a term credit,

# The record stays 'out of request' in regard of an Overdraft/Cash Credit (OD/CC), if the remarkable adjust remains persistently in abundance of as far as possible/drawing power. In situations where the exceptional adjust in the vital working record is not as much as far as possible/drawing power, yet there are no credits persistently for 90 days as on the date of Balance Sheet or attributes are insufficient to cover the intrigue charged amid a similar period, these records ought to be dealt with as 'out of request'.

# The bill stays past due for a time of over 90 days on account of bills obtained and marked down,

# The portion of vital or intrigue consequently stays late for two product seasons for brief span crops,

# The measure of liquidity office stays extraordinary for over 90 days, in regard of a securitization exchange attempted as far as rules on securitization dated February 1, 2006.

# In regard of subsidiary exchanges, the past due receivables speaking to positive stamp to- showcase estimation of a subordinate contract, if these stay unpaid for a time of 90 days from the predetermined due date for installment.

# Reserve Bank of India Guidelines:

# The Reserve Bank of India sets certain guidelines to protect the banks and the financial institutions. Those are as:

# Bank should have their own standard for the internal monitoring of the various accounts. They should follow the FDCI and the various classes of assets.

# The process of recovery begins by the time the bank involves the effort, the accounts shows the sign of weaknesses of the identified one.

# The longer the period, there arises a delay in the accounts and the assets.

# The management is effective enough and responses in operating in the conditions as an aspect in impact borrowing.

# There is a need of appropriate loan to certify to the auditors and the financial institutions with the need.

# The Effects of Non Performing Assets (NPA)

# The default of primary sum or premium, diminishes the income for the moneylender which would bring about disturbance of the financial plans and abatement the profit. The advance on misfortune arrangements which are an arrangement of aside to cover all the potential misfortunes to lessen the capital accessible to give the consequent advances. The genuine misfortunes once decided from the defaulted credits, they are then composed off against the income.

# Recovering Losses

# The moneylenders are by and large having four choices to recuperate a few or every one of the misfortunes coming about because of the nonperforming resources. At the point when the organizations are attempting to benefit the obligation then banks, can find a way to rebuild the advances to keep up the income and furthermore dodge the grouping the advance as nonperforming. On the off chance that the defaulted credits are collateralized by the advantages of the borrowers and moneylenders take the ownership of insurance and afterward pitch it to cover the misfortunes to degree of market esteem. Banks can change over the awful credits into the value that may acknowledge pointing the full recuperation of the essential lost in defaulted advance. At the point when the bonds are changed over to the new value shares then the estimation of unique offers are normally wiped out. Bank can offer the terrible obligation at some precarious rebates to the organizations that they spend significant time in the credit accumulations. Banks will normally offer the defaulted credits which are not secured with the insurance or different methods for the recouping the misfortunes are not that practical. Reasons for occurrence of Non Performing Assets (NPA) In a financial parlance, by default if there arises a failure to meet the financial obligation, due to non-payment of a loan installment. The reasons are as:

# The bad lending practices

# The banking crisis

# Overhang component due to natural calamities.

# Incremental component due to credit policy, etc.

# General Causes:

# There is slow legal process and time consuming for the recovery by the bank due to the defaulters.

# The expansion of existing projects due to various failures in the public issues and on the capital market.

# Due to insurgency, there is closure in some units in many states and also due to natural calamities.

# There is lack of support arising due to central government and the projects resulting to cost.

# Big units delay in paying bills in both the private and the public sectors to various small scale industries.

# Problems Caused By Non Performing Assets (NPA)

# The owners do not receive a return on market on the capital. It is the most worst case if bank fails then the owners lose the assets. This might affect the pool of shareholders.

# There is no market return being received by the depositors on their saving. If there is failure by the bank, then the depositors might lose their assets.

# A very high rate of interest and deposit rates is being charged by the bank to redistribute the losses and the economic growth is being suffered by the financial market.

# Non-performing loans leads to bad investment. The credit is being misallocated from the various good projects due to which it does not receive funds to failed project.

# The banking system may be spilled by the non-performing assets and this might lead to certain economic disturbances.

# Symptoms of Non Performing Assets (NPA):

# There first installment of the loan is not paid.

# The account balance is insufficient

# The installment to be paid are irregular

# The operations of the accounts are irregular

# There is delay in submitting stock statement

# There is various fluctuations in strategy

# There is communication problem between the borrower and the bank

# The change is government policies also brings a drastic change

# Sometimes arises death of the borrower

# The competition is also an impact with referred to market

# Concept of Non Performing Assets (NPA)

# Non Performing Assets (NPA) came into Indian Financial System with the introduction of prudential accounting standard. A time of changing advantages was changed to pleasing expected mishap. Days of "counting the chicken before the deliver" are no more. In the year 1991-1992 the new course of action of accounting showed up. New accounting structure for request of credit and interest happened. The cash related system and banks got the wage affirmation standard i.e. accounting standard 9. In this way following AS 9, interest pay isn't seen in light of weakness included yet rather is seen at a subsequent stage when extremely recognized thusly consenting to RESERVE BANK OF INDIA (RBI) leads as well. Along these lines, the procedure for asset portrayal came into drive. While showing these standards, all inclusive recognized models of Basel leading body of trustee's proposition were similarly considered. As indicated by the gauges of this standard wage was seen just in respect of standard or performing credits. Steps were taken to charge the borrowers account exactly when the borrower pays the remarkable interest and segment. Exercises were similarly taken to recover as and when the interest and part gets the opportunity to be particularly due. In like manner with this focal points were named as:

# Performing/Standard assets.

# Non-performing assets.

# 

# Non Performing Assets (NPA) classification as per RESERVE BANK OF INDIA (RBI) guidelines:

# Non-Performing Assets (NPA) Category:

# The loan accounts in banks have been classified into 4 categories. They are:

# Standard Assets

# Substandard Assets

# Doubtful Assets

# Loss Assets

# Standard Assets: It can be portrayed as one which can't be revealed is any kind of challenges and does not convey the standard hazard that is included to the business. As indicated by the RESERVE BANK OF INDIA (RBI) rules, the minute at which an advantage turns into an Non Performing Assets (NPA), such advances should first be arranged. In any case, it is to be viewed as that the grouping of benefits is done just to calculate the whole of arrangements that will be made concerning bank credits.

# Sub-standard Assets: Prior, the order of Sub-standard resources was considered as a sum being Non Performing Assets (NPA) for a residency not over 2 years. Since 31st March 2001, if a sum is been a Non Performing Assets (NPA) for not exactly or equivalent to year and a half, at that point it is said to be a sub-standard. Starting there of time, it is crushed and, a sum which remains Non Performing Assets (NPA) for not exactly or equivalent to a year, is said to be sub-standard resources.

# Doubtful Assets: Prior, far-fetched resources were viewed as a Non Performing Assets for a period getting surpassed to two years. Yet, from 31st March 2001, it has been changed for a period surpassing to year and a half. Starting there of time, it has been additionally pressed, and the advantages stays as sub-standard for a residency of a year, it is classified as dubious resources.

# Loss Assets: At the point when a misfortune is perceived by a monetary organization or an inner or an examiner or in the RESERVE BANK OF INDIA (RBI) examination, yet the sum has not been composed effectively, at that point it is known as a Loss Assets. Just those advances are classified as misfortune resources where no securities are available.

# Types of Non Performing Assets (NPA):

# The various types of Non Performing Assets (NPA) are:

# Gross Non Performing Assets (GNPA)

# Net Non Performing Assets (NNPA)

# The gross Non Performing Assets (NPA) are sum total of the assets of the loan account which are being classified as nonperforming assets under the guidelines of Reserve Bank of India. The quality of loans is being reflected by the gross nonperforming assets which are made by the bank. It includes substandard, doubtful and the loss assets. The formula is written as Gross Non Performing Assets (GNPA) equals to Gross Non Performing Assets (GNPA) divided by Gross advances. The net nonperforming assets (NNPA) by which the bank offers various deductions for those assets. There are huge amount being including in the balance sheet for the Non Performing Assets (NPA) In India. The various recovery process and the written off is the time taking process in India. The formula for net non performing ratios is Gross Non Performing Assets (GNPA) minus Provisions divided by Gross advance minus provisions.

**2.2 LITERATURE REVIEW**

**Kirnan N.K.2.** in this article the researcher tries to Seek a solution to the problem of NON PERFORMING ASSETS (NPA) in the small Scale industries under the present circumstances of banking and insurance working together under the same roof.

**Avinash V.Raikar3** in his research paper on the topic, “Co-operative Credit Institutions in India: An Overview. “examined the similarities and dissimilarities, remedial measures.

**Pacha Malyadri, S. Sirisha4** held that the proper policies adopted by the banks regarding

disbursement of the loan, good chain of recovery, continuous and systematic way of working has also made the Non Performing Assets (NPA)s to diminishing rates”

**Bhatia .S. and Verma. S5** Non-Performing Assets Non Performing Assets (NPA) in short term co-operative credit structure. He observed that the banks have to evolve recovery strategies and plan for recovery management. He concluded that if they fail to improve the recovery, the huge burden of Non Performing Assets (NPA)s is really breaking the backbone of the short term co-operative credit structure in India.

**Kaveri .V.S.6** in their study concluded that accounting norms have been modified substantially and mechanisms are in place for reduction of bad debts.

**Mayilsamy, R7** studied Non-performing assets in Indian banking sector and concluded that public sector banks accounted for 78 percent of total non-performing assets and this due to falling revenues from traditional sources.

**MS. Asha Singh 8** in his research paper title “Performance of Non-Performing Assets in Indian

Commercial Banks” analyzes Non-performing assets in weaker sections of public Sector banks and private sector banks specifically in India. The study observed that there is increase in advances over the period of the study. It concluded that public sector banks should try to upgrade technology and should formulate customer friendly policies to face competition at national and international level.

**Srinivas K T9** presented a research paper on “A study on Non- Performing Assets of Commercial Banks in India: A Threat to Indian Scheduled Commercial banks. In this paper he analyzed to gain insights into the position of Non-performing assets in priority sector advances by scheduled commercial Banks.

**Seema Gavade-Khompi10** in their study concluded that Non-Performing assets is a major

Problem and hurdle faced by banking sector. And also assessed the various causes for accounts for becoming non-performing assets are willful defaults, improper processing of loan proposals, poor monitoring and so on.

# Prof.G.V.Bhavani Prasad and D.Veena (2012) Non Performing Assets (NPA) Indian Banking Sector Trend and issue has assessed the operational execution of SCBsin India since 2000, Non Performing Assets (NPA)s Trends and issues. The investigation is analytic, exploratory in nature and makes utilization of optional information. The measurable instruments like midpoints, rates, mean and standard deviations are utilized to investigate the information. Also, reasoned that new private area banks and outside banks began with clear state abd most recent advances, the general population part banks and old private segment banks needed to defeat the old private segment banks needed to conquer the old framework and worker opposition and present the new frameworks, procedures and standards to make up for lost time with the opposition.

# Dr. B. Chaandra Mohan (2013) Non Performing Assets (NPA)'s symptom and it's corrective Mantra. He mentioned that analyst ponder the components in charge of development of Non Performing Assets (NPA)s from loan specialists and borrowers point of view and furthermore inspect the effect of Non Performing Assets (NPA)s on gainfulness and other key managing an account factor. In help of the goal of the 84 investigate there is an essential research survey organization technique in the field through stratified irregular inspecting strategy covering the four areas of Odisha through territorial, geological financial, social , lingual and settlement insightful. In the conclusion, he said that the banks ought not be stacked with twin destinations of productivity and social welfare which are commonly incongruent. This requires a solid political will at exactly that point can banks have the capacity to discover palatable arrangement of the issue.

# P Ishwaraa (2020) Non-Performing Assets are similarly called as Non-Performing Loans. It is made by a banks or fund organization on which repayments or premium instalments are not set aside for a few minutes. An advance is a benefit for a bank as the premium payments and the reimbursement of the primary make a flow of money streams.

# CHAPTER III

# RESEARCH METHOD

This portion of the thesis will provide the information about which the type of research design and methodology has been used. This section will help to familiarize the concept, elements and procedure used in the different type research method selected and the following chapter will describe and give bigger and detail idea of the methods, it susages,its effects over the firm and some suggestion has been made.

**Research Design and Rationale**

In this research thesis about the Non Performing Assets of Yes Bank, a descriptive method of research design has been carried out. It mainly emphasis on the currently available secondary data for the analysis and interpretation of the objective mentioned in the previous chapter. This thesis is designed in detailed and descriptive manner.

**Methodology**

In order to realize the stated objectives, the researcher utilized a combined approach that embraces features of both descriptive and analytical research designs. Though several research studies on Non Performing Assets (NPA) in Indian banking sector are available, the studies on a closer look validated Non Performing Assets (NPA) problem using secondary data and most often depended ratio analysis to identify whether Non Performing Assets (NPA) is managed efficiently. A closer look into the studies highlighted insufficient analytical studies on the interaction between different bank specific performance indicators and macroeconomic indicators on incidence of

Non Performing Assets (NPA) of banks. The methodology for this research is designed considering the above aspects; to evaluate asset quality of public sector banks explained using the trend in movement non-performing assets.

**Sampling and Sampling Procedures**

This research support the usage of secondary data only which include the annual reports, articles, news reports, journals which his from the past3years. The research was carried out without the support of primary data collection. The collected data sets are analyzed properly and interpreted in both qualitative and quantitative ways. The development of results obtained from the quantitative data requires real attention and observation. The main instrument used here the data gathering tool where the data obtained are checked whether they are reliable, processed and tested and the several computation has been made based the data collected.

The main source of information where the audited annual reports which are totally trust worthy instrument. This provided all the relevant and reliable information based on the firm for the computation and countering the problem statement identified in this study. This audited report is what mainly used the creditors, investors and external analyst which also gives the advantage of having a sample which combines and provides both the time series and cross sectional data which no other source can provide.

The information is gathered from the accounts office, recovery office, promoting research, restoration wiped out unit, monetary administration and branch of business advancement.

### Sources of Data:

* Secondary data
* Annual report of the organization.
* Operational measurements of the organization.
* RESERVE BANK OF INDIA (RBI) circulars.
* Internet.
* Journals and magazines

### Tools and Techniques:

* Tables
* Charts
* Graphs

**Descriptive Research**

This research by and large is descriptive in nature. A descriptive study used to “make descriptions of the phenomena or the characteristics associated with a subject population: who, what, when, where and how of a topic” (Cooper and Schindler, 2003). The methods typically used in a descriptive study could be surveys, panels, observations or secondary data analyzed in a quantitative manner (Malhotra, 2004). This research used both primary and secondary sources in order to explain the non-performing assets of Yes Bank. Statistics on Non Performing Assets (NPA) and various Non Performing Assets (NPA) indicators during post-millennium period (from 2020 to 2022) along with selected bank performance indicators and efficiency of management of Non Performing Assets (NPA) during post-millennium period.

# CHAPTER IV

# DATA ANALYSIS, CONCLUSION &

# RECOMMENDATION

This chapter of the research study will cover up with data analysis, computation, interpretation and some suggestive measure for the improvement the efficiency of the management. In this section, there search methodology mentioned above is computed and interpreted

**4.1 DATA ANALYSIS AND INTERPRETATION**

The Non Performing Assets (NPA) can be reduced to a greater extent by improving the quality of credit appraisal and follow up. Bankers should critically review the existing credit appraisal framework in line with international standards. Based on interaction with bankers from other economies and based on data analysis, it is very obvious that credit appraisal and evaluation techniques are more important to mitigate the risk of Non Performing Assets (NPA). The secondary data analysis also revealed the deficiencies in the existing credit appraisal, as evidenced from the higher additions to Non Performing Assets (NPA) in the Indian banking sector during the study period. The system must enable the bankers to identify and classify projects and loan proposals into different categories based on risk involved. A proper follow up after lending is also required to check any change in the risk category initially fixed. This will enable timely decision making.

### The various top Non Performing Assets (NPA) loans accounts are being categorized as follows:

1. Non Performing Assets (NPA) accounts of Housing loans

### Non Performing Assets (NPA) accounts of vehicle Loan

### Non Performing Assets (NPA) accounts of Business loan

### Non Performing Assets (NPA) accounts of Education loan

### Non Performing Assets (NPA) accounts of Personal Loan

**1. Non Performing Assets (NPA) accounts of Housing loans in Yes bank**

**Table 4.1: This Table showing Non Performing Assets (NPA) accounts of Housing loan in Yes bank (Rs. In Lakhs)**

|  |  |
| --- | --- |
| **Year** | **Amount Rs. In Lakhs** |
| 2017 to 2018 | 1288072.1 |
| 2018 to 2019 | 3953105.7 |
| 2019 to 2020 | 2984873.2 |
| 2020 to 2021 | 1391513 |
| 2021 to 2022 | 2481863 |

**CHART 4.1. This Chart showing Non Performing Assets (NPA) accounts of Housing Loan in Yes bank (Rs. In Lakhs)**

**Analysis and Interpretation:**

From the above graph, it is being shown about the Yes bank Housing loan which has become Non Performing Assets (NPA). Housing loan is availed by the customers who want to build or get their dream home. The above data predicts that Non Performing Assets (NPA) of Housing Loan in the year 2021-2019 is more as compared to other to other year’s Housing Loan. The Housing Loan Non Performing Assets (NPA) of year 2020-2021 is less as compared to other to other years. Again in the year 2019-2020 it got decreased by Rs. 2984873.2 Lakhs. In the year 2020-18 it got decreased by Rs. 1391513 Lakhs, there after it again got increased by Rs. 2481863 Lakhs in the year 2021-2022. The comparative analysis for the consecutive last five years.

### 2. Non Performing Assets (NPA) accounts of Yes vehicle Loan in Yes bank

**Table 4.2: This Table showing Non Performing Assets (NPA) accounts of Yes vehicle Loan in Yes bank (Rs. In Lakhs)**

|  |  |
| --- | --- |
| **YEAR** | **Amount Rs. In Lakhs** |
| 2017 to 2018 | 849820 |
| 2018 to 2019 | 3750802 |
| 2019 to 2020 | 2394450 |
| 2020 to 2021 | 255519 |
| 2021 to 2022 | 735429 |

**Chart 4.2: This Chart showing Non Performing Assets (NPA) accounts of Yes Vehicle Loan in Yes bank (Rs. In Lakhs)**

**Analysis and Interpretation:**

From the above graph, it is being shown about the Yes bank vehicle loan which has become Non Performing Assets (NPA). Vehicle loan is availed by the customers who want to buy their Vehicle. The above data predicts that Non Performing Assets (NPA) of Vehicle Loan in the year 2021-2019 is more as compared to other to other year’s Vehicle Loan. The Vehicle Loan Non Performing Assets (NPA) of year 2020-2021 is less as compared to other to other years of Vehicle Loan. Again in the year 2021-2019 it got increased as compare to (2020-2021) previous year by Rs. 3750802 Lakhs. In the year 2019-2020 it got decreased by Rs. 2394450 Lakhs, there after it again got increased by Rs. 735429 Lakhs in the year 2021-2022. The comparative analysis for the consecutive last five years.

### 3. Non Performing Assets (NPA) accounts of Business loan in Yes bank

**Table 4.3: This Table Showing Non Performing Assets (NPA) accounts of Business loan in Yes bank (Rs. In Lakhs)**

|  |  |
| --- | --- |
| **YEAR** | **Amount Rs. In Lakhs** |
| 2017 to 2018 | 980040 |
| 2018 to 2019 | 4008182 |
| 2019 to 2020 | 202218 |
| 2020 to 2021 | 354546 |
| 2021 to 2022 | 599994 |

**Chart 4.3: This Chart Showing Non Performing Assets (NPA) accounts of Business Loan in Yes bank (Rs. In Lakhs)**

**Analysis and Interpretation**

From the above graph, it is being shown about the Yes bank Business Loan which has become Non Performing Assets (NPA).The above data predicts that Non Performing Assets (NPA) of Business Loans . In the year 2021-2019 is more as compared to other to other year’s Business Loans. The Business Loan Non Performing Assets (NPA) of year 2019-2020 is less as compared to other to other years of Business Loan. Again in the year 2020-2021 it got increased as compare to (2019-2020) previous year by Rs. 354546 Lakhs. In the year 2019-2020 it got decreased by Rs. 202218 Lakhs as compare to (2021-2019) previous year, there after it again got increased by Rs. 599994 Lakhs in the year 2021-2022. The comparative analysis for the consecutive last five years.

### 4. Non Performing Assets (NPA) accounts of Education loan in Yes bank

**Table 4.4: This Table Showing Non Performing Assets (NPA) accounts of Education Loan in Yes bank (Rs. In Lakhs)**

|  |  |
| --- | --- |
| **YEAR** | **Amount Rs. In Lakhs** |
| 2017 to 2018 | 791134 |
| 2018 to 2019 | 1768057 |
| 2019 to 2020 | 1893540 |
| 2020 to 2021 | 429067 |
| 2021 to 2022 | 741172 |

**Chart 4.4: This Chart Showing Non Performing Assets (NPA) accounts of Education Loan in Yes bank (Rs. In Lakhs)**

**Analysis and Interpretation**

From the above graph, it is being shown about the Yes bank Education Loan which has become Non Performing Assets (NPA).The above data predicts that Non Performing Assets (NPA) of Education Loans . In the year 2019-2020 is more as compared to other to other year’s Education Loans. The Education Loan Non Performing Assets (NPA) of year 2020-2021 is less as compared to other to other years of Education Loan. Again in the year 2021-2019 it got increased as compare to (2020-2021) previous year by Rs. 1768057 Lakhs. In the year 2020-2021 it got decreased by Rs. 429067 Lakhs as compare to (2019-2020) previous year, there after it again got increased by Rs. 741172 Lakhs in the year 2021-2022. The comparative analysis for the consecutive last five years.

### Non Performing Assets (NPA) accounts of Personal Loan in Yes bank

### Table 4.5: This Table Showing Non Performing Assets (NPA) accounts of Personal Loan in Yes bank (Rs. In Lakhs)

|  |  |
| --- | --- |
| **Years** | **Amount Rs. In Lakhs** |
| 2017 to 2018 | 811997 |
| 2018 to 2019 | 773367 |
| 2019 to 2020 | 966715 |
| 2020 to 2021 | 179409 |
| 2021 to 2022 | 315129 |

**Chart 4.5: This Chart Showing Non Performing Assets (NPA) accounts of Personal Loan in Yes bank (Rs. In Lakhs)**

**Analysis and Interpretation**

From the above graph, it is being shown about the Yes bank Personal Loan which has become Non Performing Assets (NPA).The above data predicts that Non Performing Assets (NPA) of Personal Loans . In the year 2019-2020 is more as compared to other to other year’s Personal Loans. The Personal Loan Non Performing Assets (NPA) of year 2020-2021 is less as compared to other to other years of Personal Loan. Again in the year 2021-2019 it got decreased as compare to (2020-2021) previous year by Rs. 773367 Lakhs. In the year 2020-2021 it got decreased by Rs. 179409 Lakhs as compare to (2019-2020) previous year, there after it again got increased by Rs. 315129 Lakhs in the year 2021-2022. The comparative analysis for the consecutive last five years.

### Categorization of Non Performing Assets (NPA):

# Substandard Assets

# Doubtful Assets

# Loss Assets

**Table 4.6: Table Showing Categorization of Non Performing Assets (NPA) in Yes bank (Rs. In Lakhs)**

|  |  |
| --- | --- |
| **Categorization** | **Amount Rs. In Lakhs** |
| Substandard Assets (2020 to 2022) | 2039 |
| Doubtful Assets (2020 to 2022) | 15858 |
| Loss Assets (2020 to 2022) | 2428 |

**Chart 4.6: Chart Showing Categorization of Non Performing Assets (NPA) in Yes bank (Rs. In Lakhs)**

**Analysis and Interpretation**

From the above graph it is noticed that doubtful assets are more as compared to sub-standard and loss. The bank is suffering mostly due to doubtful assets which are the most serious concern for the bank.

### Net Non Performing Assets (NNPA) to Total Asset Ratio in Yes bank

**Table 4.7. Table showing Net None Performing Assets (NPA) to total asset ratio in Yes bank.**

**Ratio= Net Non Performing Assets (NNPA) / Total assets**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars/years | **2017 to 2018** | **2018to 2019** | **2019 to 2020** | **2020 to 2021** | **2021 to 2022** |
| Net None Performing Assets (NNPA) | 5278.8 | 5965.58 | 8740.6 | 2458.45 | 3497 |
| Total assets | 412342.7 | 491921.9 | 548000.86 | 346055 | 385270 |
| Ratio | 1.280 | 1.213 | 1.595 | 0.710 | 0.908 |

**Chart 4.7. Chart showing Net Non Performing Assets (NPA) to Total Assets Ratio in Yes bank.**

**Analysis and Interpretation:**

From the above graph, it is being shown about the Net Non Performing Assets (NPA) to Total Assets Ratio in Yes bank. The above data predicts that Net Non Performing Assets (NPA) to Total Assets Ratio. In the year 2019-2020 is more as compared to other to other year’s Net Non Performing Assets (NPA) to Total Assets Ratio. The Net Non Performing Assets (NPA) to Total Assets Ratio of year 2020-2021 is less as compared to other to other years of Net Non Performing Assets (NPA) to Total Assets Ratio. Again in the year 2021-2019 it got decreased as compare to (2020-2021) previous year. In the year 2020-2021 it got decreased as compare to (2019-2020) previous year, there after it again got increased in the year 2021-2022. The comparative analysis for the consecutive last five years.

**4.2 FINDINGS**

* Due to mismanagement in bank there is a positive relation between Total Advances, Net Profits and Non Performing Assets (NPA) of bank which is not good.
* Positive relation between Non Performing Assets (NPA) & profits are due to wrong choice of clients by Banks.
* There is an adverse effect on the Liquidity of Bank.
* Bank is unable to give loans to the new customers due to lack of funds which arises due to Non Performing Assets (NPA).
* The level of Net Non Performing Assets (NNPA) towards propels is expanding in the course of the most recent 4 years is fluctuating.
* The association’s execution gives off an impression of being variable throughout the years with the volume on sub-standard resources fluctuating throughout the years.

**4.3 RECOMMENDATION**

* Advances gave by banks should be done pre-endorsing assessment and post dispensing control so Non Performing Assets (NPA) can diminish.
* Good administration required in favor of banks to diminish the level of Non Performing Assets (NPA).
* Proper choice of borrowers and subsequent meet-ups required to get convenient installment.
* Recovery execution ought to wind up some portion of the corporate objective and branch worker execution ought to be connected to it.
* Regular audit of advance record to ensure that the fringe don't slip to Non Performing Assets (NPA) classification.
* The company should focus on the recuperation of foremost and enthusiasm of advances and advances that are loaned to its customers.
* Focus on high esteem Non Performing Assets (NPA) record should be possible by enhancing nature of credit examination and incite activity using a loan reports ought to be attempted.
* Upgrading the advance portfolios and decreasing the potential outcomes of Non Performing Assets (NPA).
* Physical confirmation of speculative, sold properties and guaranteeing insurance securities for every one of the credits given.

## 4.4 CONCLUSION

Over the span of the venture plainly Non Performing Assets (NPA)'s have noticeable effect on the advance arrangement of any monetary foundation influencing their asset report, which at last influences their benefits, however it is additionally observed that Yes Bank is attempting their best to decrease the level of Non Performing Assets (NPA)'s and are taking powerful measures towards this reason.

The administration methodology for non-performing resources of the partnership was fortified amid the year under survey most extreme vital was given to guarantee that standard resources keep on being in a similar class and the edge cases are nearly observed to keep them from getting to be Non Performing Assets (NPA).

To finish up Yes Bank has built up a decent system to determine Non Performing Assets (NPA) by which it is keeping up the standard portfolios in place. Advance it is uncovered by the report that Yes Bank's Non Performing Assets (NPA) however in charge needs sharp watch to keep up and diminish the NON Performing Assets (NPA) to a lower level which can support the development of Yes Bank.

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* <http://www.moneycontrol.com/>

### Appendix

### Profit and Loss Account of Yes Bank 2018 to 2022 in Rs. Cr.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Standalone Profit & Loss account ------------------- in Rs. Cr. ------------------** | | | | | |
|  | **Mar '18** | **Mar '19** | **Mar '20** | **Mar '21** | **Mar '22** |
|  | 12 moths | 12 moths | 12 moths | 12 moths | 12 moths |
| **Income** | | | | | |
| Interest Earned | 46,810.34 | 41,252.09 | 41,387.64 | 44,022.14 | 43,750.04 |
| Other Income | 6,574.96 | 6,942.85 | 7,554.40 | 4,875.23 | 4,550.25 |
| **Total Income** | **53,385.30** | **48,194.94** | **48,942.04** | **48,897.37** | **48,300.29** |
| **Expenditure** | | | | | |
| Interest expended | 32,332.22 | 29,088.76 | 31,515.87 | 34,258.77 | 34,086.37 |
| Employee Cost | 5,675.11 | 5,444.11 | 4,915.09 | 4,445.88 | 4,274.26 |
| Selling, Admin & Misc Expenses | 14,614.11 | 3,668.79 | 11,061.62 | 12,835.57 | 6,809.98 |
| Depreciation | 416.84 | 445.05 | 327.54 | 169.96 | 427.06 |
| Operating Expenses | 10,462.20 | 9,557.95 | 8,512.28 | 7,491.93 | 7,263.56 |
| Provisions & Contingencies | 10,243.86 | 0 | 7,791.97 | 9,959.48 | 4,247.74 |
| **Total Expenses** | **53,038.28** | **38,646.71** | **47,820.12** | **51,710.18** | **45,597.67** |
|  | **Mar '19** | **Mar '18** | **Mar '17** | **Mar '16** | **Mar '15** |
|  | 12 moths | 12 moths | 12 moths | 12 moths | 12 moths |
| **Net Profit for the Year** | **347.02** | **9,548.24** | **1,121.92** | **-2,812.82** | **2,702.62** |
| Profit brought forward | 0 | -2,748.90 | 0 | 0 | 0 |
| **Total** | **347.02** | **6,799.34** | **1,121.92** | **-2,812.82** | **2,702.62** |
| Equity Dividend | 0 | 0 | 0 | 0 | 540.97 |
| Corporate Dividend Tax | 0 | 0 | 0 | 0 | 110.76 |
| **Per share data (annualized)** | | | | | |
| **Earning Per Share (Rs)** | **4.61** | **130.22** | **18.78** | **-51.8** | **56.87** |
| Equity Dividend (%) | 0 | 0 | 10 | 0 | 105 |
| Book Value (Rs) | 394.68 | 396.59 | 474.01 | 481.75 | 556.68 |
| **Appropriations** | |  |  |  |  |
| Transfer to Statutory Reserves | 347.02 | 63.92 | 1,058.00 | 0 | 2,050.90 |
| Transfer to Other Reserves | 0 | 0 | 0 | 0 | -0.01 |
| Proposed Dividend/Transfer to Govt | 0 | 0 | 0 | 0 | 651.73 |
| Balance c/f to Balance Sheet | 0 | -7,035.06 | 63.92 | -2,812.82 | 0 |
| **Total** | **347.02** | **-6,971.14** | **1,121.92** | **-2,812.82** | **2,702.62** |

**Balance Sheet of Yes Bank 2020 to 2022 in Rs. Cr.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Mar '18** | **Mar '19** | **Mar '20** | **Mar '21** | **Mar '22** |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| **Capital and Liabilities:** | | | | | |
| Total Share Capital | 753.24 | 733.24 | 597.29 | 542.99 | 475.2 |
| Equity Share Capital | 753.24 | 733.24 | 597.29 | 542.99 | 475.2 |
| Reserves | 28,975.81 | 28,346.86 | 27,715.10 | 25,615.55 | 25,978.18 |
| **Net Worth** | **29,729.05** | **29,080.10** | **28,312.39** | **26,158.54** | **26,453.38** |
| Deposits | 599,033.27 | 524,771.86 | 495,275.24 | 479,791.56 | 473,840.10 |
| Borrowings | 40,992.29 | 38,808.51 | 39,503.56 | 26,873.32 | 25,671.57 |
| **Total Debt** | **640,025.56** | **563,580.37** | **534,778.80** | **506,664.88** | **499,511.67** |
| Other Liabilities & Provisions | 18,563.89 | 17,700.90 | 15,055.10 | 14,692.70 | 16,629.66 |
| **Total Liabilities** | **688,318.50** | **610,361.37** | **578,146.29** | **547,516.12** | **542,594.71** |
|  | **Mar '19** | **Mar '18** | **Mar '17** | **Mar '16** | **Mar '15** |
|  | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| **Assets** | | | | | |
| Cash & Balances with RBI | 29,919.02 | 22,100.04 | 19,922.50 | 20,664.05 | 21,971.95 |
| Balance with Banks, Money at Call | 36,233.67 | 27,812.29 | 38,902.96 | 36,069.61 | 26,669.14 |
| **Advances** | **427,727.27** | **381,702.99** | **342,008.76** | **324,714.82** | **330,035.51** |
| **Investments** | **152,985.30** | **144,053.67** | **150,265.89** | **142,309.30** | **145,346.18** |
| Gross Block | 8,410.23 | 8,318.64 | 7,168.32 | 7,198.10 | 6,949.45 |
| Revaluation Reserves | 6,448.17 | 6,524.73 | 5,373.15 | 5,444.66 | 5,405.85 |
| **Net Block** | **1,962.06** | **1,793.91** | **1,795.17** | **1,753.44** | **1,543.60** |
| Other Assets | 39,491.20 | 32,898.47 | 25,251.02 | 22,004.89 | 17,028.32 |
| **Total Assets** | **688,318.52** | **610,361.37** | **578,146.30** | **547,516.11** | **542,594.70** |
|  | | | | | |
| Contingent Liabilities | 387,907.14 | 320,510.97 | 459,646.73 | 314,508.56 | 297,258.69 |
| Book Value (Rs) | 394.68 | 396.59 | 474.01 | 481.75 | 556.68 |