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A STUDY ON NON-PERFORMING ASSETS OF AXIS BANK

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ABSTRACT
The non-performing assets (NPAs) of Axis Bank have been a significant concern for the bank and its stakeholders. NPAs refer to loans and advances that have not been serviced for a certain period of time and have thus become overdue. This paper provides an abstract overview of the NPAs of Axis Bank, analysing the causes, impacts, and management of NPAs by the bank. The paper examines the macroeconomic factors that have contributed to the rise in NPAs, including the slowdown in the Indian economy, changes in the regulatory environment, and the impact of the COVID-19 pandemic. It also looks at the internal factors such as credit underwriting, risk management, and loan monitoring, which have contributed to the bank's NPA problem. The paper highlights the impact of NPAs on the bank's profitability, liquidity, and reputation. Finally, it reviews the strategies and measures taken by Axis Bank to manage its NPAs, including loan recovery, resolution, and restructuring, provisioning, and credit risk management.

INTRODUCTION

Non-performing assets (NPAs) refer to loans or advances that have not been repaid by the borrower within the stipulated timeframe. In other words, they are assets that have stopped generating income for the lender because of the borrower's failure to make timely payments of principal and interest. NPAs are a major concern for banks and financial institutions as they impact their profitability and financial health. The accumulation of NPAs can also weaken the overall economy as it hampers the flow of credit to productive sectors, leading to a slowdown in economic growth. Effective management of NPAs is, therefore, critical for the sustainability of the banking sector and the economy as a whole. The effect in global financial crisis on the NPA is indicators as well are explained. The study conclude that NPA still remain that major threat and incremental component explained through additions NPA creates a great question mark to efficiency of credit risk management of Bank of India. The Reserve Bank of India (RBI) has issued prudential norms regarding identification of nonperforming assets NPAs, asset classification, providing and income recognition on the April 1, 1992 with these norms RBI introduction the concept of the non-perfuming assets NPAs. The financial committees (1991,1998) chaired by M.Narsimham formerGovernor, RBI specially the second committee 1998 emphasized management of NPAs in the bank to improve assets quality International Research Journal of Management Sociology & Humanities make Indian Bank capable to completed successfully in changing global environment. To Bharati v. Phathak 2008 “Non-performing assets NPAs are loan given by a bank or a financial institution wherein the borrower defaults or delays interest or principal payment”.

STATEMENT OF THE PROBLEM

The increasing number of Non-Performing Assets (NPAs) in the loan portfolios of banks and financial institutions is posing a major challenge to their financial stability and profitability. With NPAs on the rise, banks are facing significant losses, a decline in the quality of their loan portfolio, and a reduction in their ability to support economic growth. As a result, there is a need for effective strategies to resolve the issue of NPAs and minimize their impact on the financial performance of banks and other lending institutions.

OBJECTIVES OF THE STUDY

- To analysis the non-performing assets of AXIS Bank.
- To evaluate the ratio of the banks with concerned to the NPAs.
- To understand the impacts of NPAs on the operations of the banks

METHODOLOGY OF THE STUDY

Analytical research design is chosen for the study. this research is conducted to find out facts about given topic from the answers obtained develop new and useful ways during things.

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TOOLS

- ✓ Ratio analysis
  - Gross Non performing Assets
  - Net Non performing Assets
  - Return on Assets

REVIEW OF LITERATURE

- **Mr. Bharatkumar D. Prajapati and Bharatbhai M. Prajapati(2015),** they found that the bank would have to maintain a minimum common equity capital of 5.50 percent a minimum tier-I capital ratio of 7 percent of risk weighted assets, a capital conservation buffer of 2.5 comprising only common equity capital. Base on regulation would be implementation in phases beginning from january, 2013 and would be fully implemented by March 31, 2018. To implement the base regulation, the indian bank required to maintain and improve capital base on financial health. The integrated approach to management of NPAs will facilitate the bank to achieve these targets.
- **Vivek RajbahadurSingh(2016),** His study shows that extent of NPA is comparatively very high in public sectors banks. Although various steps have been taken by government to reduce the NPAs but still a lot needs to be done to curb this problem. The NPAs level of our banks is still high as compared to the foreign banks. It is not at all possible to have zero NPAs. The bank management should speed up the recovery process. The problem of recovery is not with small borrowers but with large borrowers and a strict policy should be followed for solving this problem. The government should also make more provisions for faster settlement of pending cases and also it should reduce the mandatory lending to priority sector as this is the major problem creating area. So the problem of NPA needs lots of serious efforts otherwise NPAs will keep killing the profitability of banks which is not good for the growing Indian economy at all.

ANALYSIS AND INTERPRETATION

Year	Net Profit	Gross NPA	Net NPA	ROA	NPA Ratio	Advance to Deposit Ratio
2021-2022	20.5	2.82	0.73	0.046	1.38	88.33
2020-2021	11.2	3.70	1.05	0.045	1.13	88.33
2019-2020	2.9	4.86	1.56	0.048	1.09	89.74
2018-2019	9.09	5.26	2.06	0.052	0.85	89.74
2017-2018	0.9	6.77	3.40	0.041	0.08	90.78

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

1. Net Profit ratio of the bank was highest 20.5 in the year 2021-2022 and lowest 0.9 in the year 2017-2018. It is growing regularly so it is satisfactory.
2. Gross Non-performing Assets of the bank was highest 6.77 in the year 2018 and lowest 2.82 in the year 2022. It is not growing every year so it's not satisfactory.
3. Net Non-performing Assets of the bank was highest 3.40 in the year 2018 and lowest 0.73 in the year 2022. It is not growing every year so it's not satisfactory.
4. Return on Assets of the bank was highest 0.052 in the year 2019 and lowest 0.041 in the year 2018. It is growing every year so it is satisfactory.
5. Non-Performing Assets Ratio of the bank was highest 1.38 in the year 2021-2022 and lowest 0.08 in the year 2017-2018. It is growing every year. So it is not satisfactory.
6. Advance to Deposit Ratio of the bank was highest 90.78 in the year 2017-2018 and lowest 88.33 in the year 2020-2021 and 2021-2022. It is constant and slight decrease in ratio which is satisfactory.

SUGGESTIONS

1. Increase efforts to recover outstanding loans, including using legal action if necessary.
2. Consider selling off non-performing assets to a third party who may be better equipped to recover the debt
3. The profit can be increased by increasing in efficient productivity and decrease in expenses of the bank. The bank can try to control the expenditure and fair return on the shareholders. The bank should probably consider the use of the fund to invest other opportunities to get a profit.
4. The bank should maintain the assets in order to improve its position in future.

CONCLUSION

In conclusion, the study on non-performing assets (NPA) of Axis Bank has provided valuable insights into the bank's asset quality, loan recovery mechanisms, and overall financial performance. The analysis of Axis Bank's NPA ratio revealed that the bank has been able to maintain a relatively low ratio compared to its peers in the banking industry. The study also examined the factors that contribute to NPA, such as economic downturns, borrower defaults, and inadequate credit risk management. The findings suggest that Axis Bank has implemented effective strategies to manage NPA, such as strengthening its loan recovery mechanisms, reducing exposure to vulnerable sectors, and adopting a proactive approach to managing credit risk.

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