



NON-PERFORMING ASSETS ANALYSIS OF BANGALORE CITY CO-OPERATIVE BANK LTD

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ABSTRACT

The present study at Bangalore City Co-operative Bank (BCCB), a 110 years old bank at Bangalore. The bank collects deposits, distribute loan and invest. The major objective of the study to focus on the year on year non-performing assets. It include Standard Assets, Substandard Assets, and loss on Assets for 5 years from 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21. Statement on Non-Performing Assets (NPA) has been analyzed using statistical package for social sciences (SPSS) and it is found that standard assets are high at the bank. The doubtful assets was high in the year 2020-21.

KEY WORDS: Co-operative bank, Non-Performance Assets, Standard Assets, Sub-standard Assets, Doubtful Assets, Loss Assets.

I. INTRODUCTION

The present study examines and interprets “Bangalore City Co-Operative Banks Ltd financial data over five year’s periods in order to identify the percentage changes in Non-Performing Assets. The main objective behind the present study is to understand the BCCB, NPA’s and its effect that influence on the working operations of the bank. The study also focuses on the present system and its performance, status of NPA. Thus, the study would help to know the general performance & growth of the bank as linked thereto of NPA year on year.

II. STATEMENT OF PROBLEM

The bank and other financial institution are handling with various risk. The most widely documented among them is NPA, which is just the probably that the borrowers will default the reimbursement loans not up to yielding expected returns. Hence the there is need to analyze the year on year non-performing assets and effective steps are taken by the Bangalore City Co-Operative Bank.

III. OBJECTIVES OF THE STUDY

1. To analyze the standard assets and sub-standard assets of the bank for the 5 years.
2. To examine the doubtful assets and loss assets.
3. To determine the Net advance and Net Non-performing Assets.

IV. REVIEW OF LITERATURE

1. **Hawaladar et al. (2020)**, in the study analyzing non-performing assets in agriculture loans. A case study in India concluded that there is no significant difference in pre and post sanction of agriculture loans and management of non-performing assets by banks. The willful default by borrowers and more NPAs in banks are due to debt waiver policies announced by political parties
2. **Sowmya (2019)**, distinguish NPA is definitely not a solitary economy's concerns the same number of nations on the planet face the equivalent, yet the degree of seriousness varies India's NPA graph shows an expanding pattern in NPA levels of Indian financial division both open and private part banks are looked at. The information required for the investigation gathered through sites, RBI reports, World Bank reports and other optional information sources also are dissected through graphs.
3. **Numer (2019)**, the researcher investigated the significant outcome looked by banks will expand the credit esteems and influences the benefit of banks. In this manner, the banks will lose their venture for the long turn. The principle goal of the examination is to feature the NPA pattern development of every bank and the Correlation Analysis of Net Profit and Net NPAs of each bank. The investigation is spellbinding in nature and optional information are gathered and broke down utilizing Trend Ratio, Current Ratio, Assets on Equity Ratio and Person Correlation Co-Proficient Analysis to inspecting



NPAs, Net Profit and Assets nature of banks.

V. TYPE OF RESEARCH

The present study is descriptive and analytical in nature. The secondary data has been used for the study. The NPA statement has been collected for the last 5 years i.e. from 2016 to 2021 for the analysis.

VI. SCOPE OF THE STUDY

The Project entitled "A study on Non-Performing Assets at the Bangalore City Cooperative Bank Limited" was carried out in Bangalore City Co-operative Bank Limited Head office situated in Bangalore. This study emphasizes on the probable reasons for increase in Non-performing assets in the BCCB. The study helps to reduce the loss occurring when customer not repaying their loan at given period. The study identifies the default rate of customers on various category of NPA.

VII. SOURCES OF DATA COLLECTED

Primary data: The study does not depend on primary data collection.

Secondary data: Secondary data is reviewing of relevant information, which is already collected and making inferences based on the information collected. The secondary data used in the study includes Annual report, financial report and sourced through official website.

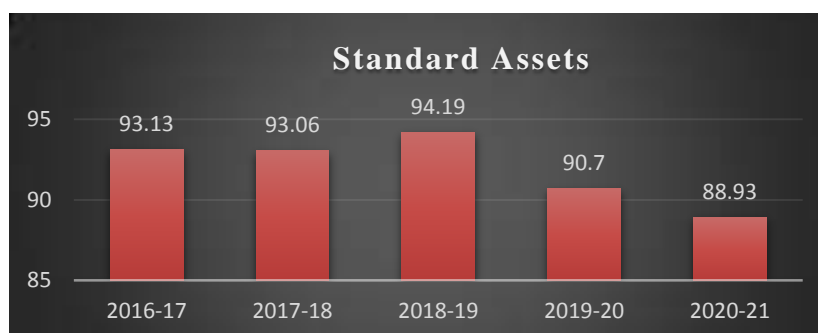
VIII. DATA ANALYSIS

Table Showing STANDARD ASSETS of Bangalore City Co-operative Bank Ltd

YEAR	PRINCIPAL AMOUNT(Rs)	INTEREST	TOTAL LOANO/S OF STANDARD ASSETS (%)
2016-17	114,854.05	1894.38	93.13
2017-18	1,20,994.30	2065.06	93.06
2018-19	1,25,889.92	2049.90	94.19
2019-20	1,40,159.52	2358.25	90.70
2020-21	1,42,143.63	34 70	88.93

Analysis: From the above table the study shows that the standard assets in the year 2016- 17 as 93.13%, in year 2017-18 it has slightly decreased to 93.06%, followed by 93.06 to 94.19 in the year 2018-19, and found decreasing in the consecutive year 2019-20 and 2020-21 to 90.70 and 88.93% respectively.

Graph Showing 5 years STANDARD OF ASSETS of Bangalore City Co-operative Bank



Interpretation:

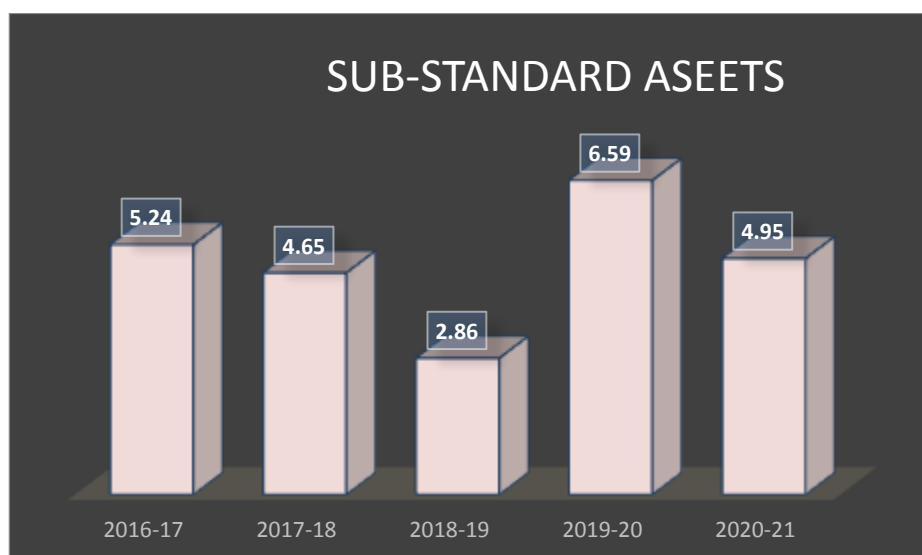
From above chart the study reveals that there is a decreased in total loan outstanding standard assets in the year 2019-20 to 2020-21 NPA on Standard assets principal amount is increasing and loan outstanding standard assets is decreasing as it not good sign for the bank.

**Non-Performing Assets****Table Showing SUB-STANDARD ASSETS in Bangalore City Co-operative Bank Ltd**

YEAR	PRINCIPAL AMOUNT(Rs)	INTEREST	TOTAL LOAN O/S OF SUBSTANDARD ASSETS (%)
2016-17	6465.02	513.18	5.24
2017-18	6044.53	456.79	4.65
2018-19	3821.26	255.80	2.86
2019-20	10182.19	970.50	6.59
2020-21	79109.30	432.37	4.95

Analysis: Above table shows the study there is fluctuation in the total % of substandard assets. In the year 2016-17 the Total loan outstanding of substandard assets is 5.24% and it kept decreasing in consecutive years 2017-18 and 2018-19 to 4.65% and 2.86%. In the year 2019-20 it kept increasing 6.48% to 4.95% respectively.

Graph showing the 5 years SUB-STANDARD ASSETS in Bangalore City Co-operative Bank Ltd.

**Interpretation:**

From the above chart the study reveals that there is a fluctuation in sub-standard assets. It is referred to those advances which are overdue for the period of 90 days from the due date. In the year 2019-20, the outstanding sub-standard assets increased, which is not a good sign for the bank, but in the year found a decrease in total outstanding sub-standard assets.

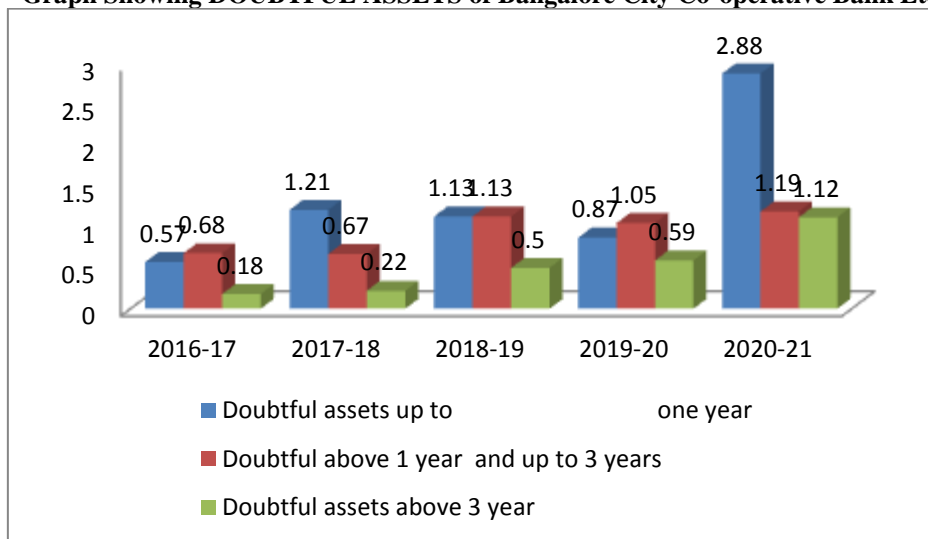
Table Showing DOUBTFUL ASSETS of Bangalore City Co-operative Bank Ltd

year	Doubtful assets up to one year (D1) (%)	Doubtful above 1 year and up to 3 years (D2) (%)	Doubtful assets above 3 year (D3) (%)
2016-17	0.57	0.68	0.18
2017-18	1.21	0.67	0.22
2018-19	1.13	1.13	0.50
2019-20	0.87	1.05	0.59
2020-21	2.88	1.19	1.12

Analysis: From the above table reveals that doubtful assets in year 2016-17 doubtful assets up to one year 0.57%, doubtful assets above 1 year up to 3 years is 0.68%, and above 3 year is 0.18%. And it kept increasing in the consecutive year 2019-20, 2020-21 to 2.88%, 1.19% and 1.12% respectively.



Graph Showing DOUBTFUL ASSETS of Bangalore City Co-operative Bank Ltd



Interpretation: from the above chart the study reveals that the doubtful assets base year the bank maintained very well. But found increasing in the year 2017-18, 2018-19, and 2019-20. And in the year multiply in the year 2020-21 compared to base year. Increasing doubtful assets bring down bank profit.

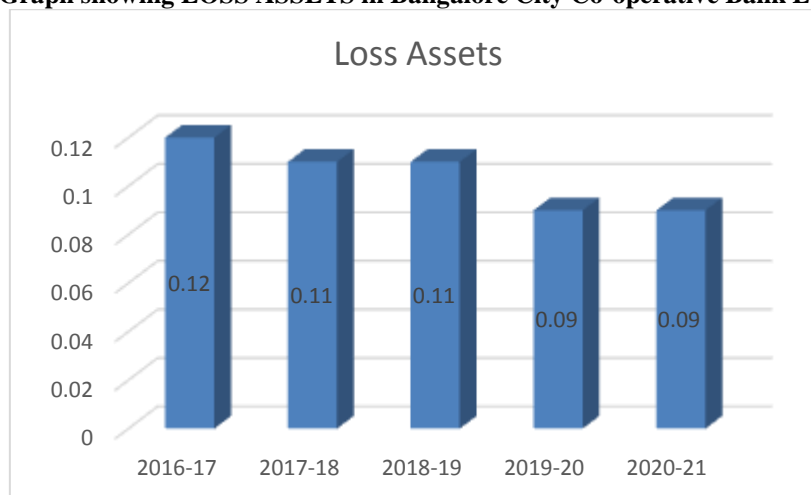
Table showing LOSS ASSETS in Bangalore City Co-operative Bank Ltd

YEAR	PRINCIPAL AMOUNT(Rs)	INTERET	TOTAL OF LOAN OF LOSS ASSETS (%)
2016-17	146.00	22.08	0.12
2017-18	147.15	46.04	0.11
2018-19	146.65	49.30	0.11
2019-20	46.65	37.05	0.09
2020-21	46.65	100.70	0.09

Analysis

From the above Table the study shows that the loss assets to those advance which is been classified has NPA. In the year 2016-17 the loss assets stood at 0.12%. Found decreased to 0.11% in the year 2017-18. It remain constant in the year 2018-19. It slightly decreased to 0.09% in the consecutive year 2019-20 and 2020-21 respectively.

Graph showing LOSS ASSETS in Bangalore City Co-operative Bank Ltd.



**Interpretation**

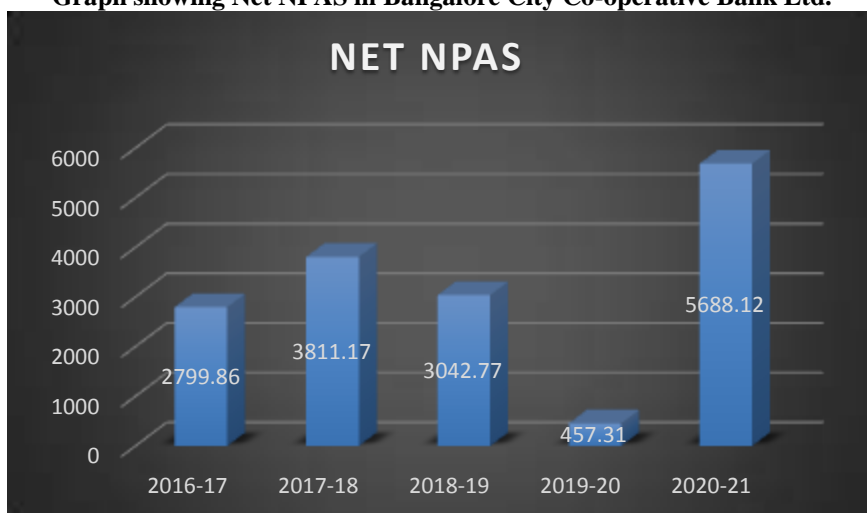
From above chart the study reveals that there is decreased in loss assets loss assets refers to the advance classified has been classified has NPA for more than 22 months and the principal amount and interest amount is not recoverable and loss is to be written off. Compared to base year 2016-17 the loss on assets is going to decreased. Which is good a sign for bank to reduce NPA.

Table showing Net NPAS in Bangalore City Co-operative Bank Ltd.

YEAR	TOTAL NET NPAS(Rs)
2016-17	2799.86
2017-18	3811.17
2018-19	3042.77
2019-20	457.31
2020-21	5688.12

Analysis:

The above table shows that the total net NPAs in the year 2016-17 it was 2799.86Rs. 2017-18 it was increased to 3811.17Rs. On 2018-19 it was slightly decreased to 3042.77Rs and it keeps increasing in consecutive year 2019-20 and 2020-21 to 457.3Rs and 5688.12Rs respectively.

Graph showing Net NPAS in Bangalore City Co-operative Bank Ltd.**Interpretation**

The above chart the study, reveals that net NPAs amount that result after deducting provision for unpaid debts from gross NPA. In the year 2020-21 net NPA increasing which is not good sign for bank.

HYPOTHESIS TEST ON CORRELATION

Null hypothesis (H_0): There is no statistical relationship between standard assets and substandard assets of the BCCBL

Alternative hypothesis (H_1): There is a statistical relationship between standard assets and substandard assets of the BCCBL

Table correlation test on standard assets and substandard assets from the year 2016-17 to 2020-21

YEARS	STANDARD ASSETS(X)	SUB-STANDARD ASSETS (Y)
2016-17	114854.05	6375.13
2017-18	120994.3	5933.14
2018-19	125889.92	3681.36
2019-20	120159.52	10019.66
2020-21	142143.63	7753.26
	=624041.42	=33762.55



DESCRIPTIVE STATISTICS			
	Mean	Std. Deviation	N
Standard assets	607208.88	671419.549	5
Substandard	6752.51	2341.021	5

CORRELATION			
		Standard assets	Substandard assets
standard assets	Pearson Correlation	1	-.613
	Sig. (2-tailed)		.271
	N	5	5
substandard assets	Pearson Correlation	-.613	1
	Sig. (2-tailed)	.271	

Interpretation: From above SPSS output, the study reveals that the relationship between standard assets and substandard assets. It shows the p-value is 0.271 at 5% (i.e. 0.05) level of significance (α). The correlation conducted on two-tailed test shows as -0.613 that is negativity correlated. Here, p-value is greater than the level of significance i.e., $0.271 > 0.05$. Therefore, null hypothesis is accepted and alternative hypothesis rejected. Hence, there is no statistical relationship between standard assets and substandard assets of the BCCB.

HYPOTHESIS TEST ON CORRELATION

Null hypothesis (H_0): There is no statistical relationship between Doubtful assets and Loss on assets of the BCCBL

Alternative hypothesis (H_1): There is a statistical relationship between doubtful assets

Table There is no statistical relationship between doubtful assets and loss on assets of the BCCBL

YEARS	DOUBTFUL ASSETS(X)	LOSS ON ASSETS (Y)
2016-17	705.92	146
2017-18	1576.01	147.15
2018-19	1506.94	146.65
2019-20	1343.88	46.65
2020-21	4602.92	46.65
	=9735.67	=533.1

DESCRIPTIVE STATISTICS			
	Mean	Std. Deviation	N
Doubtful assets	1947.13	1523.912	5
Loss on assets	106.60	54.730	5



CORRELATION			
		Doubtful assets	Loss on assets
doubtful assets	Pearson Correlation	1	-.349
	Sig. (2-tailed)		.565
	N	5	5
Loss on assets	Pearson Correlation	-.349	1
	Sig. (2-tailed)	.565	
	N	5	5

Interpretation: From above SPSS, the study reveals that the relation between doubtful assets and loss on assets. It shows the p-value is 0.565 at 5% (i.e. 0.05) level significant (α) the correlation conducted on two-tailed test shows as -.349, that is negatively correlated. Here, p value greater than level of significance i.e., $0.565 > 0.05$. Therefore, null hypothesis is accepted and alternate hypothesis is rejected.

IX. FINDINGS

- Standard assets from 2016-17 and 2018-19, it as 93.13 to 94.14% and it found decreased in consecutive year 2019-20 and 2020-21 90.70 to 88.93% decreasing in standard assets bring down the profit of the bank.
- Substandard Assets in the year 2016-17 it as 5.17% and found continuously decreased in the consecutive year 2017-18 and 2018-19 to 4.56% and 2.25%. Decreasing in Substandard it is good sign for BCCB bank.
- Loss on assets to those advance which is been classified has NPA in the year 2016-17 the loss on asset it was stood at 0.12 and found decreased to 0.09 in the last year 2020-21. It is Good sign for bank.
- Net NPAs amount that result after deducting provision for unpaid debt from gross NPAs. In the year 2016-17 it was 2799.86Rs, and it is decreased up to 457.31Rs in the year 2019-20. But found increased to 5688.12Rs in the year 2020-21. Not good for bank.
- Hypothesis testing between Standard assets and Sub-standard assets. p- Value as 0.271 at level of significance (α) at 5 % (i.e. 0.05). P-value is greater than the level of significance. Null hypothesis is accepted and alternative hypothesis rejected.
- Hypothesis test between Doubtful assets and Loss on assets. p-value as 0.565 at level significant (α) 0.565 at 5 % (i.e. 0.05). P-value is greater than the level of significance. Null hypothesis is accepted and alternate hypothesis is rejected.

X. CONCLUSION

The present study on the "study of non-performing assets" with Bangalore City Co-operative bank Ltd. It was analyzed for last 5 years with respect to loans and advances, standard assets, substandard assets & loss assets to understand to trend of loans and advances with NPA. The study reveals that there is a direct growth in loans and advances and the same way there is an increases on NPAs. Hence, the bank to have to control over the NPAs for the future. Therefore, reduction of NPA leads to growth of the banks.

XI. REFERENCES

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