

## **EFFECT OF NON PERFORMING ASSETS ON THE PROFITABILITY OF BANKS – A SELECTIVE STUDY**

**K. PRASANTH KIRAN<sup>1</sup> & T. MARY JONES<sup>2</sup>**

<sup>1</sup>Associate Professor, S. S. N. Engineering College, Ongole

<sup>2</sup>Associate Professor, Pace Institute of Technology & Sciences, Ongole

### **ABSTRACT**

Nonperforming asset is the key term for the banking corporations. Non Performing Assets show the efficiency of the performance of the banks. Non Performing Assets is the amount which is not received by the bank in return of loans disbursed. The amount of Non Performing Assets affects not only the banking industry but the total financial system and there by the economy of the country. Thus a selective study has been done on public sector banks in India to evaluate the effect of Non Performing Assets on the profitability of banks. SBI and 5 nationalized banks were selected for the study and the relation between their gross Non Performing Assets and net profit was measured. The result shows that except for SBI all the other banks exhibit a negative correlation between their gross Non Performing Assets and net profits. But for SBI the net profit is not at all affected by Gross Non Performing Assets and it is in continuous profits only.

**KEYWORDS:** Non Performing Assets, SBI, Net Profit, Correlation & Regression