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COMPARATIVE ANALYSIS OF NPA OF PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

A bank may be defined as an institution that accepts deposits, makes loans, pays checks and provides financial services. A bank is a financial intermediary for the safeguarding, transferring, exchanging, or lending of money. A primary role of banks is connecting those with funds, such as investors and depositors, to those seeking funds, such as individuals or businesses needing loans. A bank is a connection between customers that have capital deficits and customers with capital surpluses. NPA refers to classification of loans and advances which are in arrears over a period of time. This comparative analysis of Non-performing assets of public and private sector banks helps us to understand the amount of non-performing assets and to analyse the liquidity position of each bank. The tools used to analyse the Non-performing assets of the banks are Capital adequacy ratio, Gross and Net NPA and correlation coefficient. These tools help in comparing the non-performing assets of public and private sector banks and also in providing few suggestions with which banks can improve to do better in future.

KEYWORDS: *Financial Services, Non-Performing Assets, Liquidity Position*

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