A STUDY ON NON-PERFORMING ASSETS MANAGEMENT WITH REFERENCE TO ICICI BANK

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Abstract:

The banking industry is critical to a country's economic development. The number of non-performing assets is the best indicator of a country's banking sector's strength. Because the quality of assets in India's banking sector is moderately deteriorating, the country's banking industry is vulnerable. NPAs are suffocating the financial system. The bank's finances available for credit

development are reduced when interest payments on loans stop and principal is not paid. Many banks are unable to offer new loans due to a lack of funds, limiting their ability to generate revenue. The public sector banks are disproportionately affected by nonperforming assets. The growth in nonperforming assets (NPA) has an impact not just on the banking industry but also on the economy as a whole. However, they have since expanded their operations to include other areas such as merchant banking, leasing, and venture capital, among others. Due to increased competition, private banks have been lending aggressively to consumers, which has resulted in a rise in the percentage of non-performing assets (Henceforth, NPAs). Non-performing assets (NPAs) have long been a key indicator of a bank's financial success since they result in lower margins and increased provisioning requirements for questionable loans. To ensure a steady flow of money, the banking industry should work to reduce nonperforming assets (NPAs) to zero. "NPA management falls under

the risk management umbrella, which encompasses risk identification, assessment, monitoring, mitigation, and risk policy formulation" (Sujoy Kumar Dhar). Recovery through Lok Adalat, SARFAESI procedures, and filing a civil suit for dues recovery are all options for dealing with NPAs.

Keywords: Non-performing assets, Provisions, Advances, banking sector, venture capital

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Introduction:

The economy's backbone has always been a robust banking sector. Banking began in India in the latter decade of the eighteenth century. In India, private sector banks account for the majority of banking. In both rural and urban regions, private sector banks have a large network of branches. However, they have since expanded their operations to include other areas such as merchant banking, leasing, and venture capital, among others. Due to increased competition, private banks have been lending aggressively to consumers, which has resulted in a rise in the percentage of non-performing assets. Non-performing assets (NPAs) have long been a key indicator of a bank's financial success since they result in lower margins and increased provisioning requirements for questionable loans. The overarching goal has been to improve the system's competitiveness, efficiency, and profitability. The banking industry has always been critical to a thriving economy. The downfall of the banking industry might have ramifications in other industries as well. Non-performing assets (NPA) have long been a source of worry for Indian banks. The performance of banks has been reflected in the number of nonperforming assets (NPAs). "An asset is classified as non-performing asset if dues in the form of principal and interest are not paid by the borrower for a period of 180 days. However, with effect from March 2004, default is given to the borrower if the dues are not paid for 90 days." Banks' basic

functions are to take deposits and extend credit. The most important source of income for banks is interest on different loans and advances. When the principle or interest payment is in default or in arrears for a period of 90 days, the loan or advance is designated as a non-performing asset. Non-performing assets are divided into three types based on the length of time they have been inactive.

- **Sub-standard assets**: Assets that have been inactive or non-performing for less than or equal to 12 months are considered sub-standard. In this situation, the borrower's current net worth or the current market value of the security charged is insufficient to assure full repayment of the bank's debts.
- **Doubtful assets:** Assets that have been dormant for longer than a year. This contains all of the flaws that come with inferior assets, as well as a flaw that renders complete collection or liquidation very doubtful.
- **Loss asset:** according to the RBI, "a loss asset is regarded uncollectible and of such low value that it's continued status as a bankable asset is not justifiable, even if there is some salvage or recovery value." Internal or external auditors, bank or RBI inspections have detected this asset, but the value has not been completely written off.

NON PERFORMING ASSETS (NPAs):

Loans in jeopardy of default are referred to as nonperforming assets (NPAs). When a borrower fails to make a principal or interest payment within 90 days, the asset is classified as a non-performing asset. Because of the reliance on interest payments, managing non-performing assets has always been difficult for financial institutions. Financial institutions' nonperforming assets (NPAs) rise as a result of economic pressures, as they are forced to lend aggressively, reducing their ability to fully capture all assets. The following are the two primary categories of NPAs:

Gross NPAs	Net NPAs
Gross NPAs considered to be the kind of assets for which the provisions have been made by banks and are irrecoverable in nature, still held in books of accounts of banks	Net NPAs considered being the assets that are still not recovered but the part payment has been received and kept in suspense accounts. Net NPAs has been obtained by deducting interest due from Gross NPAs.

Review of Literature:

Goyal Kanika (2010) studied the increment in gross and net NPAs. The increase in gross and net NPAs was investigated by Goyal Kanika (2010). The research focused on public sector banks and the agricultural industry. The analysis relied on secondary data, which was obtained from the Reserve Bank of India's website. Various statistical tools, such as regression and ANOVA, were used. The findings revealed that public sector banks have been able to effectively manage their assets, although nonperforming assets (NPAs) have been a problem and also matter of concern for agricultural sector

Kamalpreet Kaur and Balraj Singh (2011) studied the NPAs in the Indian banking industry and investigated the same. The study looked into a variety of topics, including the size of NPAs, their causes, and their influence on the Indian economy. The findings revealed that public sector banks in India have been falling behind in managing their nonperforming assets (NPAs), and the authors recommended that the government take strong measures in this regard.

Ramesh.K.V, Sudhakar.A. (2012) using Canara and SBI banks as case studies, investigated NPA management in public sector banks. Secondary data was retrieved over a ten-year period between 2000 and 2010. It was determined that nonperforming assets (NPAs) were not adequately handled in the banks under investigation, resulting in poor performance.

Chirag and Hiral (2019) in there study on "A comparative Study of management of NPA in selected public and private sector bank in India" studies the topic of non-performing assets has been explored in numerous theoretical and empirical studies in the banking literature. The current study is based on secondary data, and the researcher used a variety of statistical and mathematical tools, such as graphing and tabulation, to conduct it. According to the findings, public sector banks have a greater problem with fraud.

Alagarsam & Ganapathy (2017) conducted research on the "Performance of Non-Performing Assets on the State Bank of India." The current study is based on secondary data, and the researcher used a variety of statistical and mathematical tools, such as graphing and tabulation, to conduct it. The study indicates that the rate of increase in lending money is slowing, and the gross and net nonperforming assets (NPA) ratios are rising year after year. Foreign banks are capable of managing the NPAs of public sector banks, and they must be observed by foreign banks, and banks should be free of government intervention.

Dixit (2016) conducted research on "Performance Analysis of Private and Public Sector Banks With Reference To ICICI Bank and State Bank of India." The researcher used different statistical and mathematical tools such as ratio, trend analysis, and tabulation to conduct this study, which is based on secondary data. The analysis concludes that SBI's performance is worse in comparison to ICICI due to its negative growth rate. In comparison to ICICI bank, however, SBI has higher absolute values. SBI must concentrate on its region in order to improve efficiency, profitability, and liquidity in order to achieve favourable outcomes in the following year. ICICI Bank, the largest private sector bank, has a higher positive growth rate than SBI, with complete efficiency and profitability in all areas.

Jaiswal & Jain (2016) conducted research on "A Comparative Study of Financial Performance of SBI and ICICI Bank in India. "The current research is based on secondary data, and the researcher used a variety of statistical and mathematical tools such as ratios, graphs, correlations, regressions, and tabulations. In comparison to ICICI bank, the analysis concludes that SBI is financially healthy. Again, SBI has fewer bad debts than ICICI. The reason behind this is because ICICI has advanced more money to its customers than SBI. Another reason is that SBI is a public sector bank, but ICICI is a private sector bank, thus it provides more advance to customers in order to preserve its market image.

Shah & Sharma (2016) conducted research on "A Comparative Study Of Non-Performing Assets In ICICI Bank And HDFC Bank." The current study is based on secondary data, and the researcher used a variety of statistical and mathematical tools, such as tabulation, percentages, and graphs, to conduct it. It was concluded that it is not feasible to completely remove nonperforming assets in the banking industry; nevertheless, they can be reduced. On the other hand, in order to avoid NPA, the banker must employ those legal experts and take the appropriate steps and follow up on the advance.

Rao (2014) in their research study on "An Analysis of the Performance of Private and Public Sector Banking System. "The current study is based on secondary data, and the researcher used a variety of statistical and mathematical tools, such as tabulation and graphing, to conduct it. The study concludes that HDFC's performance is superior to that of SBI, and that HDFC's financial performance is superior to that of SBI. NPAs, Net profit margin, Net Interest margin, and Return on equity are all better than SBI, however SBI's share value performance in the market is greater than HDFC's.

Major objectives of the research study:

1. To understand the meaning and classification of Non-Performing Assets.
2. To study the RBI norms on Non-Performing Assets.
3. To understand the causes of Non-Performing Assets.
4. To study about the performance and future challenges of THE ICICI BANK LTD.
5. To understand the trends of NPA's over the year.

Scope of the research study:

The study conducted is only concerned and limited to ICICI Bank Ltd. The study conducted intends to find out the strategy required to essentially reduce the NPAs. The data used in the study is purely based on secondary data and is thus collected from websites and journals. The focus and concentration is vested on understanding the growth of NPAs with reference to ICICI Bank Ltd.

Methodology adopted for the study:

The type of research used for collection and analysis of the data is "Historical Research Method". The main source of data for this particular study is the past records prepared by the bank. The main focus of this study is to determine the non-performing assets of the bank since its inception. Annual reports and websites of bank, and journals are some of the major data collection tools.

Categories of NPA:

Standard Assets:

Standard assets are those in which the bank receives interest and the principle amount of the loan from the client on a regular basis. It is also critical in this situation that the interest arrears and the principle amount of the loan do not exceed 90 days at the conclusion of the financial year. If an asset does not fall into the normal asset category, such as an amount outstanding for more than 90 days, it is classified as a nonperforming asset (NPA), and NPAs must be further classified into subcategories. Non-performing assets must be classified further into one of three categories based on the length of time the asset has been non-performing and the dependability of the dues.

Sub Standard Assets:

A subpar asset is one that has remained non-performing for less than or equal to 12 months as of March 31, 2005. Substandard assets have the following characteristics. The asset has well-defined

credit weaknesses that jeopardise the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss if deficiencies are not corrected; and the asset has well-defined credit weaknesses that jeopardise the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss if deficiencies are not corrected.

Doubtful Assets:

A loan rated as dubious contains all of the flaws found in assets classed as sub-standard, with the extra feature that the flaws render complete collection or liquidation – based on currently known facts, conditions, and valuations – very improbable. If an asset remained in the sub-standard category for 12 months after March 31, 2005, it was categorized as questionable.

Loss Assets:

A loss asset is one which considered uncollectible and of such little value that its continuance as a bankable asset is not warranted- although there may be some salvage or recovery value. Also, these assets would have been identified as loss assets by the bank or internal or external auditors or the RBI inspection but the amount would not have been written-off wholly.

After studying various research papers and articles, besides the abovementioned, the following important observations with regard to Non-Performing Assets can be made:

- The problem of nonperforming assets (NPAs) has developed as a result of the primary goal of public sector banks, which is to promote social welfare. In the majority of situations, the bank must weigh the goals of social welfare and consistent economic growth.
- Because of the ideology followed by Public Sector banks and a lack of management capabilities to analyse the credit quality of the borrower, the problem of NPA is more widespread and significant in contrast to Private Sector banks. Political factors might also be blamed to some extent for the same.
- The accumulation of nonperforming assets (NPAs) in banks may be attributed to a combination of economic circumstances and a lack of due diligence by banks.
- The degree of NPA of the particular institution/bank is regarded highly essential among the numerous metrics used to measure the performance of banks and financial institutions.

Impact of NPAs on Banks:

The efficiency of a bank is not reflected only by the size of its balance sheet but also by the level of return on its assets. So, NPAs impact banks in the following manner:

Reduces earning capacity of the assets: NPAs reduces the earning capacity of the assets and as a result of this return on assets get affected

Adversely affects capital adequacy ratio: NPAs have a risk weight of one hundred percent (to the extent it is uncovered). As a result, they put capital on hold in order to preserve capital adequacy. NPAs have a negative impact on the bank's "Capital Adequacy Ratio" since they do not generate any revenue.

Incurrence of additional cost: Carrying of NPAs requires incurrence of Cost of Capital Adequacy, Cost of funds in NPAs and Operating cost for monitoring and recovering NPAs.

Reduces EVA: Cumulative loan loss provisions on NPAs are considered capital for calculating Economic Value Added (EVA =Net operating profit after tax minus cost of capital) for assessing performance toward shareholder value generation. As a result, the cost of capital rises and EVA falls.

Low yield on advances: Due to NPAs, yield on advances shows a lower figure than actual yield on “standard Advances”. The reasons that yield are calculated on weekly average total advances including NPAs.

Affect bank’s profitability: Banks profitability is affected adversely because of the providing of doubtful debts and consequent to writing it off as Bad debt.

Major Procedure for NPA Identification:-

1. **Internal Checks and Control:** Because a high level of nonperforming assets (NPAs) hurts a bank's performance, identifying potential issue accounts and closely monitoring them becomes crucial. Although most banks have Early Warning Systems (EWS) in place to identify possible nonperforming assets (NPAs), the exact methods used vary from bank to bank. The EWS allows a bank to identify borrowers whose accounts are showing symptoms of credit degradation and take corrective action. Many banks have developed and implemented a sophisticated EWS that allows them to anticipate possible trouble signals and prepare their responses ahead of time. According to a research performed by the Reserve

Bank of India at the request of the Board of Financial Supervision, the following are the key components/processes of a EWS used by Indian banks:

- **Relationship Manager/Credit Officer:** The Relationship Manager/Credit Officer is a person who is required to know everything there is to know about the borrower, his business, and his future goals, among other things. The Relationship Manager must communicate with the borrower on a regular basis and report on any changes to the borrowable account.

- **Know your client ' profile (KYC):** In India, most banks have a system in place to create a "know your customer" (KYC) profile/credit report. Clients and their places of business/units are visited as part of the KYC system.

- **Credit Rating System:** The credit rating system is basically a single point indication of an individual's credit risk, and it is used to identify, evaluate, and monitor the credit risk of each proposal.

- **Watch-list/Special Mention Category**: Risk asset grading is an important internal control tool for the bank. It fulfills Management's requirement to identify and manage possible risks associated with a loan asset. The goal of identifying prospective NPAs is to ensure that the bank can take necessary preventative and corrective action to avoid the loan asset becoming non-performing.

2. **Management Resolution of NPAs:** A decrease in overall gross and net nonperforming assets (NPAs) in the Indian banking system demonstrates a substantial improvement in NPA management. This is also due to recent resolution procedures such as the SRFAESI Act, one-time settlement schemes, the establishment of the CDR system, and the strengthening of DRTs. According to the statistics available from Public Sector Banks as of March 31, 2003, there were 1,522 nonperforming assets (NPAs) in all public sector banks in India with a gross value more than Rs. 50 million. The total gross value of these nonperforming assets (NPAs) was Rs. 215 billion. The overall number of resolution approaches (including situations where action is to be taken) exceeds the number of NPAs, implying that some data is being double counted. Suit filing and BI FR are the two most prevalent ways to NPA resolution in public sector banks, as can be shown. Only approximately 13% of the time has rehabilitation been explored or implemented. Only 9% of the claims have been evaluated for settlement. Even

   Fewer examples are likely to have been adopted. Compromise settlement approaches with debtors have been shown to be more effective than legal procedures, according to data on public sector bank resolution techniques. For the settlement of NPA accounts, many banks have devised their own restructuring plans. Credit Information Bureau (India) Limited (CIBIL) was established in January 2001 by the State Bank of India, HDFC Limited, M/s. Dun and Bradstreet Information Services (India) Pvt. Ltd., and M/s. Trans Union to serve as a mechanism for exchanging information between banks and financial institutions in order to reduce the growth of nonperforming assets (NPAs). According to these rules, a borrower commits intentional default when it fails to satisfy its commitments to the lender while having the financial means to do so or when funds are used for reasons other than those for which the loan was provided. To prohibit willful defaulters from accessing capital markets, a list of willful defaulters must be given to SEBI and RBI.

Major causes of NPA:

- Banks do not thoroughly examine the repayment capabilities of large firms and their owners before giving them money.

- Loans are granted to large firms that are not profitable and on the verge of closure due to corruption and nepotism.

- Because of government and political clout with banks, some politicians take use of their positions to provide loans to deserving businesspeople.

- Willful defaulters account for around 80% of all defaulters.

- Banks do not monitor how loans are used once they have been granted.

- Many intentional defaulters waste money on items that are unrelated to business and will not aid in the growth of the company. For example, DCHL obtained several loans from various banks and used them to invest in the IPL, purchase expensive automobiles, and award bonuses, among other things.

RBI Guidelines for banks towards controlling NPAs:

To protect the banks and the financial intuition the RBI sets certain Guidelines that are:

- Banks should have their own standard for their internal monitoring of their various accounts.
- They have to follow the FDCI and the classes of assets.
- The management has to be effectively enough and responsive in operating its conditions as aspect in impact borrowing.
- If the longer period, then them arises a delay in the payments of accounts and the Assets.
- There should be an appropriate loan certification to the auditors and the financial institutions with the need of the bank.

NPA Provisioning:

A part of profit or income that the banks keep aside for the assets that may turn out into losses such as non-performing assets is called as provisioning. Following this method helps banks to deal with bad assets. Provisioning is maintained depending on the type that the asset belongs to and also on the type of bank. Different banks have different provisioning norms. The NPA condition in any bank could be understood by two primary parameters. Banks show their NPA numbers in their standalone financial statement.

Gross NPA (GNPA) is the total value of gross non-performing assets of the banks before the provisions are made. ***"Gross NPAs are the sum total of all loan assets that are classified as NPAs as per RBI Guidelines as on Balance Sheet date. Gross NPA reflects the quality of the loans made by banks" (Rajeshwari Parmar).***

Net NPA (NNPA) is when provisions are deducted from the gross NPA. It gives exact value of NPA. ***"Net NPA shows the actual burden of banks" (Rajeshwari Parmar).***

Brief profile of ICICI Bank:

In 1994, the Industrial Credit and Investment Corporation of India (ICICI), an Indian financial institution, created ICICI Bank as a wholly owned subsidiary in Vadodara. In 1955, the World Bank, India's public-sector banks, and public-sector insurance firms created a joint venture to offer project finance to Indian industry. Before changing its name to ICICI Bank, the bank was known as the Industrial Credit and Investment Corporation of India Bank. Later, the main business and the bank amalgamated. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its group companies. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group, offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or a financial institution from non-Japan Asia to be listed

on the NYSE. In March 2020, the board of ICICI Bank Ltd. approved an investment of Rs 1,000 crore in Yes Bank Ltd. This investment resulted in ICICI Bank Limited holding in excess of a five percent shareholding in Yes Bank.

ICICI Banks Vision:

To be the trusted financial services provider of choice for our customers, thereby creating sustainable value for our stakeholders.

ICICI Banks Mission:

To grow our risk-calibrated core operating profit by:

- Delivering products and services that create value for customers
- Bringing together all our capabilities to seamlessly meet customer needs
- Conducting our business within well-defined risk tolerance levels.

Competitors of the Bank:

Some of the top competitors of ICICI bank are state bank of India, HDFC bank, Axis bank, Kotak Mahindra bank, Indus Ind bank, Yes bank and TATA.

Major products of ICICI Bank:

Savings account, online trading and Demat account, salary account, pension accounts, women's accounts, senior citizen account, current account, defence salary account, Paylater by ICICI Bank, Credit cards, home loans, personal loans, car loans, gold loans, fixed deposits, recurring deposit, iWish flexible RD, life insurance, general insurance.

Analysis and Interpretation related to financial statements of ICICI Bank:

Particulars	**For the year ended 31.3.19**	**For the year ended 31.3.20**	**Growth %**
Capital and liabilities			
Capital	12,894,598	12,947,649	**0.41**
Employees stock options outstanding	46,755	34,858	**-25.45**
Reserves and surplus	1,070,739,063	1,152,061,563	**7.6**
Deposits	6,529,196,711	7,709,689,946	**18.1**
Borrowings	1,653,199,742	1,628,967,599	**-1.46**
Other liabilities and provisions	378,514,609	479,949,877	**26.8**
Contingent liabilities	19,220,382,868	25,238,257,975	**31.3**
TOTAL CAPITAL AND LIABILITIES	**28864974346**	**36221909467**	**25.5**
ASSETS			
Cash and balances with Reserve Bank of India	378,580,118	352,839,592	**-6.8**
Balances with banks and money at call and short notice	424,382,742	838,717,797	**97.6**
Investments	2,077,326,800	2,495,314,805	**20.12**
Advances	5,866,465,827	6,452,899,697	**9.99**
Fixed assets	79,314,287	84,102,853	**6.03**
Other assets	818,521,704	759,776,748	**-7.18**

Contingent liabilities	19,220,382,868	25,238,257,975	**31.3**
TOTAL ASSETS	**28864974346**	**36221909467**	**25.5**

Particulars (Rs in '000s)	2010	2011	2012	2013

- The total share capital increased from Rs. 1289598 as on 31st march 2019 to Rs. 12947649 on 31st march 2020. Share capital of 2019 grew by 0.41%
- Total employees stock options outstanding decreased from Rs. 46,755 as on March 31 2019 to Rs. 34,858 as on 31st march 2020. 2019 registering 25.45% decline.
- Total reserves and surplus increased from Rs. 1,070,739,063 as on 31st march 2019 to Rs. 1,152,061,563 as on march 31st 2020. 2019 registered a growth of 7.6%
- Total deposits increased from Rs. 6,529,196,711 as on 31st March 2019 to Rs. 7,709,689,946 on March 31st 2020. 2019 registering a growth of 18.1%
- Total borrowings decreased from Rs. 1,653,199,742 as on March 31st 2019 to Rs. 1,628,967,599 as on march 31st 2020. 2019 registered 1.46% decline
- Total other liabilities and provisions increased from Rs.378514609 as on march 31st 2019 to Rs. 479949877 as on 31st march 2020, 2019 registering 26.8% growth.
- Total contingent liabilities increased from Rs. 19,220,382,868 as on march 31st 2019 to Rs. 25,238,257,975 as on march 31st 2020, 2019 registering a growth of 31.3%
- Total cash and balances with reserve bank of India increased from Rs. 378,580,118 as on march 31st 2019 to Rs. 352,839,592 as on March 31st 2020. 2019 recording a fall by 6.8%
- Total balances with banks and money at call and short notice increased by 97.6% from Rs. 424,382,742 as on 31st march 2019 to Rs. 838,717,797 as on 31st March 2020.
- Total investments increased from Rs. 2,077,326,800 as on 31st march 2019 to Rs. 2,495,314,805 as on 31st March 2020, 2019 registering a growth of 20.12%
- Total advances increased from Rs. 5,866,465,827 as on 31st march 2019 to Rs. 6,452,899,697 as on 31st march 2020.
- Total fixed assets increased from Rs. 79,314,287 in the year 2019 to Rs. 84,102,853 in the year 2020, 2019 registering a growth of 6.03%

- Total other assets decreased from Rs. 818,521,704 as on 31st march 2019 to Rs. 759,776,748 as on 31st march 2020, 2019 registered a decline of 7.18%

CAPITAL AND LIABILITIES				
Capital	1,11,48,892	1,15,18,200	1,15,27,683	1,15,36,362
Employees stock options outstanding		2,929	23,854	44,835
Reserves and surplus	50,50,34,767	53,93,88,244	59,25,00,885	65,54,78,392
Deposits	2,02,01,65,972	2,25,60,21,077	2,55,49,99,561	2,92,61,36,257
Borrowings	94,26,35,686	1,09,55,42,771	1,40,16,49,073	1,45,34,14,944
Other liabilities and provisions	15,50,11,834	15,98,63,467	17,57,69,846	32,13,36,021
Contingent liabilities	7,27,08,40,587	9,23,12,16,140	9,15,46,51,059	7,89,98,93,146
TOTAL CAPITAL AND LIABILITIES	**10,90,48,37,738**	**13,29,35,52,828**	**13,89,11,21,961**	**13,26,78,39,957**
ASSETS				
Cash and balances with Reserve Bank of India	27,51,42,920	20,90,69,703	20,46,12,935	19,05,27,309
Balances with banks and money at call and short notice	11,35,94,020	13,18,31,128	15,76,80,199	22,36,47,879
Investments	1,20,89,28,005	1,34,68,59,630	1,59,56,00,430	1,71,39,35,993
Advances	1,81,20,55,971	2,16,36,59,014	2,53,72,76,579	2,90,24,94,351
Fixed assets	3,21,26,899	4,74,42,551	4,61,46,870	4,64,70,587
Other assets	19,21,49,336	16,34,74,662	19,51,53,889	29,08,70,692
Contingent liabilities	7,27,08,40,587	9,23,12,16,140	9,15,46,51,059	7,89,98,93,146
TOTAL ASSETS	**10,90,48,37,738**	**13,29,35,52,828**	**13,89,11,21,961**	**13,26,78,39,957**

Balance sheet of ICICI Bank from 2010-2013:

Balance sheet of ICICI Bank from 2014-17

Particulars (Rs in '000s)	2014	2015	2016	2017
CAPITAL AND LIABILITIES				
Capital	1,15,50,446	1,15,96,608	1,16,31,656	1,16,51,071
Employees stock options outstanding	65,744	74,388	67,019	62,562
Reserves and surplus	72,05,17,086	79,26,22,557	88,56,57,157	98,77,97,070
Deposits	3,31,91,36,570	3,61,56,27,301	4,21,42,57,086	4,90,03,90,648
Borrowings	1,54,75,90,539	1,72,41,73,498	1,74,80,73,779	1,47,55,61,521
Other liabilities and provisions	34,75,55,454	31,71,98,572	34,72,64,350	34,24,51,588
Contingent liabilities	7,81,43,04,451	8,51,97,76,091	9,00,79,87,789	10,30,99,37,127
TOTAL CAPITAL AND LIABILITIES	**13,76,07,20,290**	**14,98,10,69,015**	**16,21,49,38,836**	**18,02,78,51,587**
ASSETS				
Cash and balances with Reserve Bank of India	21,82,18,262	25,65,29,069	27,10,60,888	31,70,24,051
Balances with banks and money at call and short notice	19,70,77,695	16,65,17,084	32,76,26,531	44,01,06,563
Investments	1,77,02,18,164	1,86,58,00,348	1,60,41,17,966	1,61,50,65,454
Advances	3,38,70,26,492	3,87,52,20,728	4,35,26,39,419	4,64,23,20,842
Fixed assets	4,67,81,360	4,72,55,187	7,57,69,200	7,80,52,072
Other assets	32,70,93,866	24,99,70,508	57,57,37,043	62,53,45,478
Contingent liabilities	7,81,43,04,451	8,51,97,76,091	9,00,79,87,789	10,30,99,37,127
TOTAL ASSETS	**13,76,07,20,290**	**14,98,10,69,015**	**16,21,49,38,836**	**18,02,78,51,587**

Balance sheet of ICICI Bank from 2018-2020

CAPITAL AND LIABILITIES			
Capital	1,28,58,100	1,28,94,598	1,29,47,649
Employees stock options outstanding	55,699	46755	34858
Reserves and surplus	1,03,86,75,565	1,07,07,39,063	1,15,20,61,563
Deposits	5,60,97,52,085	6,52,91,96,711	7,70,96,89,946
Borrowings	1,82,85,86,206	1,65,31,99,742	1,62,89,67,599
Other liabilities and provisions	30,19,63,958	37,85,14,609	47,99,49,877
Contingent liabilities	12,89,24,40,018	19,22,03,82,868	25,23,82,57,975
TOTAL CAPITAL AND LIABILITIES	**21,68,43,31,631**	**28,86,49,74,346**	**36,22,19,09,467**
ASSETS			
Cash and balances with Reserve Bank of India	33,10,23,817	37,85,80,118	35,28,39,592
Balances with banks and money at call and short notice	51,06,69,991	42,43,82,742	83,87,17,797
Investments	2,02,99,41,808	2,07,73,26,800	2,49,53,14,805
Advances	5,12,39,52,856	5,86,64,65,827	6,45,28,99,697
Fixed assets	7,90,35,149	7,93,14,287	8,41,02,853
Other assets	71,72,67,992	81,85,21,704	75,97,76,748
Contingent liabilities	12,89,24,40,018	19,22,03,82,868	25,23,82,57,975
TOTAL ASSETS	**21,68,43,31,631**	**28,86,49,74,346**	**36,22,19,09,467**

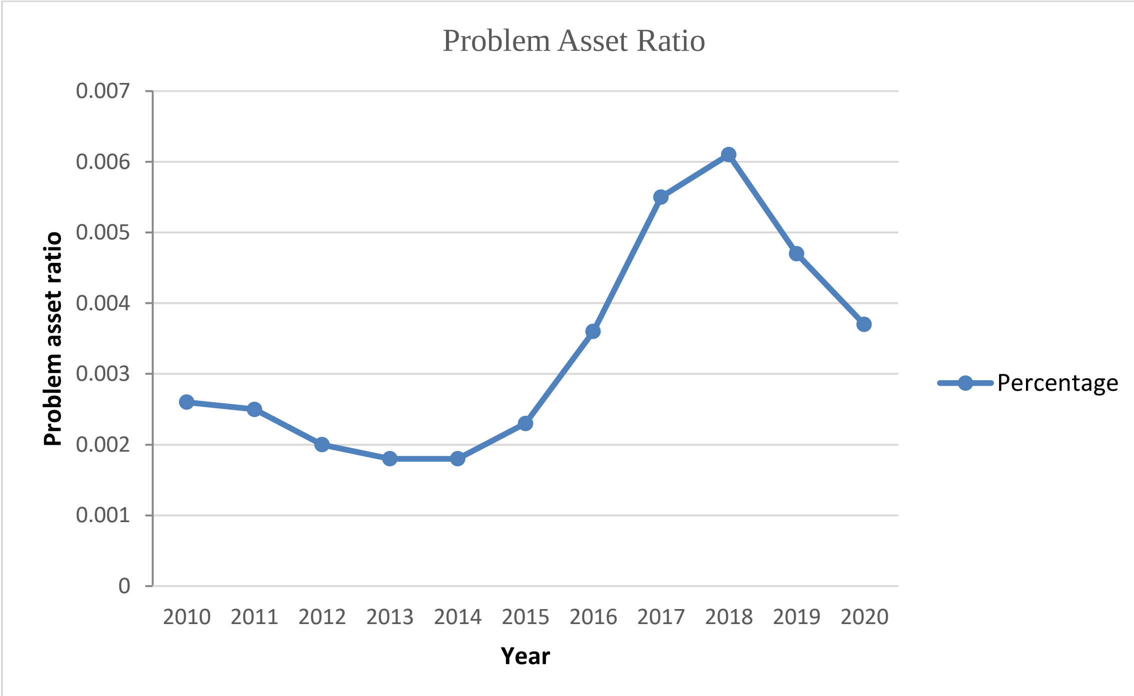
Analysis of NPAs:

1. **Problem assets ratio:**
In the banking sector, a ratio that indicates the proportion of issue assets to sound assets. A problem asset in the banking and credit markets can be either a business loan that is at least 90 days past due or a consumer debt that is at least 180 days past due. A nonperforming asset is another term for this sort of asset (loan). In the end, the problem assets ratio is a gauge of the banking and lending industries' and the economy's health. A larger ratio indicates that there are more problems loans, and vice versa.

Formula:

Assets Ratio = Gross NPA / Total assets *100

Years	Total Assets (in million)	Gross NPA	Percentage
2020	10,983,651,492	408,290.9	0.0037
2019	9644591478	456,760.4	0.0047
2018	8,791,891,613	532,401.8	0.0061
2017	7,717,914,460	421,593.9	0.0055
2016	7,206,951,047	262,212.5	0.0036
2015	6,461,292,924	150,946.9	0.0023
2014	5,946,415,839	105,058.4	0.0018
2013	5,367,946,811	96,077.5	0.0018
2012	4,736,470,902	94,753.3	0.002
2011	4,062,336,688	100,342.6	0.0025
2010	3,633,997,151	94,806.5	0.0026



Interpretation:

The problem asset ratio was slightly decreasing in the initial years. From 2010 till 2013 there was a fall. In 2013 and 2014 the problem asset ratio was lowest i.e., 0.0018%. it was maximum in the year 2018 at 0.0061%. during the year 2014-2018 there was an increasing trend in the problem assets of ICICI bank were increasing. But after 2018 a decreasing trend is recorded in the problem asset ratio which is a good sign.

2. **Total Provision Ratio:**
The Total provision ratio gives an indication of the provision made against bad loans from the profit generated. A higher ratio means the bank can withstand future losses better, including unexpected losses beyond the loan loss provision.
Formula:

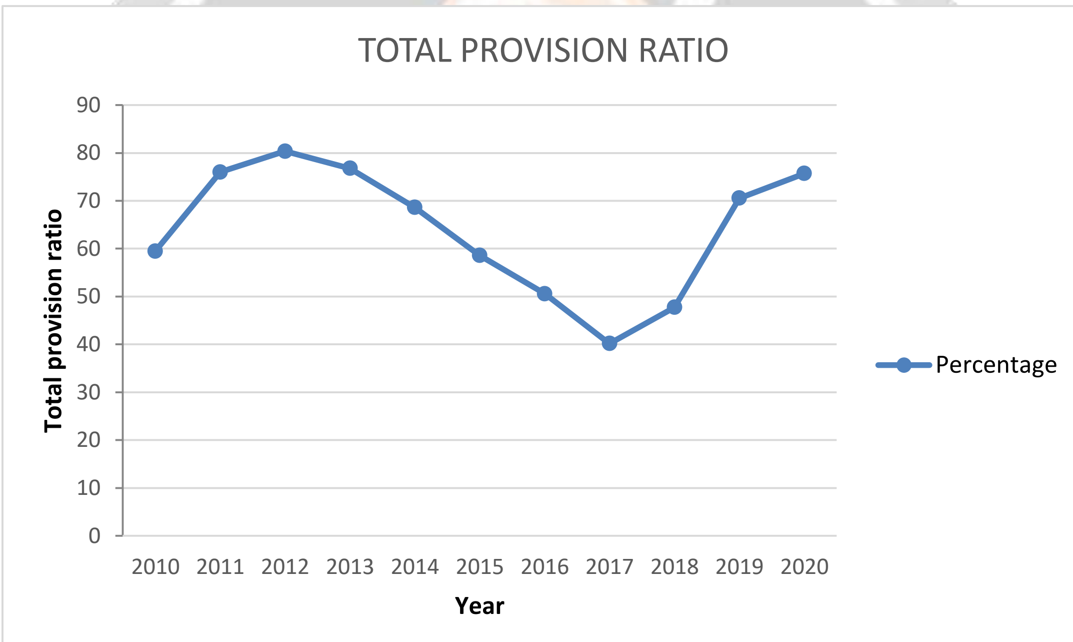
Total provision ratio= total provision/gross NPA *100

Year	Total Provision	Gross NPA	Percentage
2020	309058.5	4,08,290.90	75.69566209
2019	322263.2	4,56,760.40	70.55410233
2018	254166.2	5,32,401.80	47.73954558
2017	169425.8	4,21,593.90	40.18696665

2016	132581.7	2,62,212.50	50.56269247
2015	88391.6	1,50,946.90	58.55807572
2014	72078.8	1,05,058.40	68.6083169
2013	73771.9	96,077.50	76.78374229
2012	76144.9	94,753.30	80.36121169
2011	76269	1,00,342.60	76.00859456
2010	56395.4	94,806.50	59.48473997

Interpretation:

ICICI bank had the highest provisions at 80.36 percent in 2012, following which the provisions decreased. In 2017, the lowest provision rate of 40.18 percent was maintained. However, in 2017, the provisions began to improve. The bank is preparing itself to withstand the uncertainties.



3. **Shareholder's risk ratio:**

The shareholder risk ratio shows how much of a company's assets were produced through the issuance of stock shares rather than debt. The lower the debt-to-equity ratio, the more debt a firm has utilised to finance its assets. The ratio is derived by dividing Net NPA by the company's total assets and presented as a percentage. The quantity of assets on which shareholders have a residual claim is represented by the outcome.
Formula:

Shareholders risk ratio = Net NPA / Total capital and free reserves *100

Years	Net NPA	Total Capital and Reserves	Shareholders risk ratio
2020	99232.4	1,16,50,09,212	0.008517735
2019	134497.2	1,08,36,33,661	0.012411685
2018	278235.6	1,05,15,33,665	0.02645998
2017	252168.1	99,94,48,141	0.025230734
2016	129630.8	89,72,88,813	0.014446943
2015	62555.3	80,42,19,165	0.00777839
2014	32979.6	73,20,67,532	0.004504994
2013	22305.6	66,70,14,754	0.003344094
2012	18608.4	60,40,28,568	0.003080715
2011	24073.6	55,09,06,444	0.004369816
2010	38411.1	51,61,83,659	0.007441363

Interpretation:

The above table shows the highest shareholders risk in the year 2018. There was the huge decreased in the year 2012 the highest shareholders risk in the year 2018. But it is not well to the bank earning so lowest in the present year while compared to 2018.

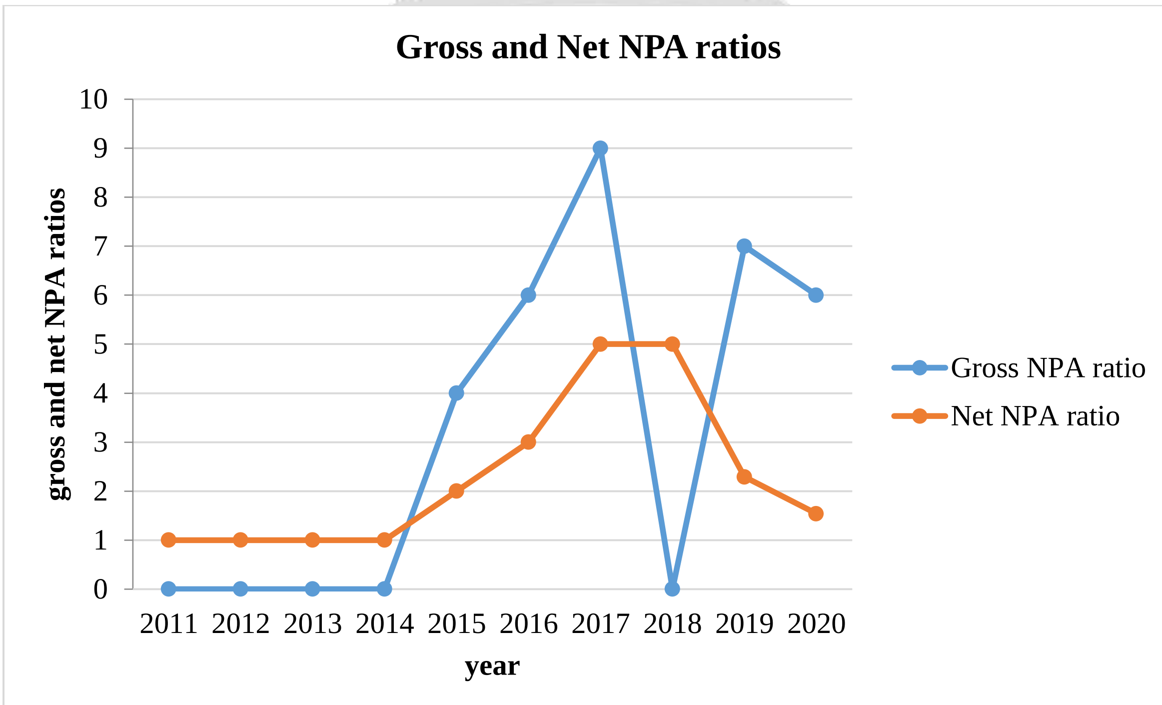
Year	Gross NPA ratio	Net NPA ratio
2020	6	1.54
2019	7	2.29
2018	0	5
2017	9	5
2016	6	3
2015	4	2
2014	0	1
2013	0	1
2012	0	1
2011	0	1

4. **Comparative NPA ratios:**

Interpretation:

Both gross NPA and net NPA ratios are stagnant from 2011-2014. Gross NPA was nil for initial years then it increased till 2017. In the year 2017 gross NPA was maximum at 9%. In 2018 it was again nil

after which it again increased steeply in 2019. Last year it was at 6%. Lower the ratio, the better is the quality of bank's assets. Net NPA ratio was lowest in the initial four years at 1%. It was maximum in the year 2017 and 2018 at 5%.



Major findings of the study:

- It is found that total cash and balances with RBI has decreased from Rs. 378,580,118 as on march 31st 2019 to Rs. 352,839,592 as on march 31st of 2020, registering a fall of 6.8%

- The problem asset ratio was slightly decreasing in the initial years. From 2010 till 2013 there was a fall. In 2013 and 2014 the problem asset ratio was lowest i.e., 0.0018%. It was maximum in the year 2018 at 0.0061%. during the year 2014-2018 there was an increasing trend in the problem assets of ICICI bank were increasing. But after 2018 a decreasing trend is recorded in the problem asset ratio which is a good sign.

- In the year 2012, ICICI bank had maintained highest provisions at 80.36% after which the provisions declined. In the year 2017 the lowest provision was maintained at the rate of 40.18%. But after 2017 the provisions started looking up. The bank is preparing itself to withstand the uncertainties.

- The highest shareholders risk in the year 2018. There was the huge decreased in the year 2012 the highest shareholders risk in the year 2018. But it is not well to the bank earning so lowest in the present year while compared to 2018.

- Gross NPA and net NPA ratios are stagnant from 2011-2014. Gross NPA was nil for initial years then it increased till 2017. In the year 2017 gross NPA was maximum at 9%. In 2018 it was again nil after which it again increased steeply in 2019. Last year it was at 6%. Lower the ratio, the better is the quality of bank's assets. Net NPA ratio was lowest in the initial four years at 1%. It was maximum in the year 2017 and 2018 at 5%.

Major Suggestions:

- Banks should try and regain from those borrowers who are deliberately not repaying the loan amount even though they are capable. Banks should use coercion on such borrowers.
- The banks should force the borrowers to at least make interest payment if they cannot repay the principal amount. Even after recovering interest amount the account will still be considered as a non-performing asset, but the interest amount will help the bank to some extent.
- The banks must maintain provisions to meet uncertainties and sufficient cash balances with RBI to avoid losses.
- Taking the aid of Lok Adalat to recover the loans will also do.

Conclusion:

Because non-performing assets are a direct reflection of asset quality, assessing them may be beneficial in overall credit management for any bank. However, managing non-performing assets is a daunting undertaking. NPA is a virus that stifles the banking industry's expansion. Unlike public sector banks, which are major lenders to sluggish sectors like electricity and agriculture, which suffer the brunt of economic slackening, private sector banks are attentive in credit assessment, loan recovery, and risk management, and therefore can restrict bad loans. Private sector banks are more likely to lend to middle-class customers who are committed to repaying their loans honestly and on time. Banks should follow the credit assessment procedure, adequate paperwork, frequent loan monitoring, and internal risk reporting mechanism. Moreover, it could be suggested that banks must focus on the borrower's credibility before sanctioning loans to them and strict procedures should be followed before lending to the customers so as to be safer in terms of quality assets. Internal

audits and the bank's corporate governance structure aid in understanding the consequences of a risk management system failure.

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