



STATSGURU: How bad loans are affecting the banking sector

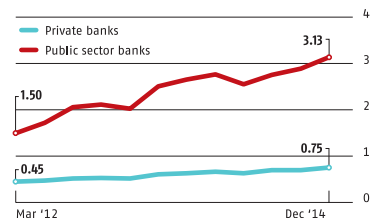
STRESS ON bank assets is again in the news. As Table 1 shows, non-performing assets, or NPAs, of banks have increased sharply – for public sector banks, in particular. Table 2 shows the public sector banks with the

most NPAs (and those with the least). The size of the problem dwarfs even the worst-off private banks, shown in Table 3. The market has punished public sector banks – although their stocks have risen in recent years, those of private banks have risen

further, as shown in Table 4. The cost of keeping bad debt on the books has squeezed public sector banks' net profits, shown in Table 5. And it has caused them to put the brakes on lending, as shown in the low deposit growth in Table 6.

1: NPAs AT PUBLIC SECTOR BANKS HAVE INCREASED SHARPLY

Net non-performing assets (as % of total advances)

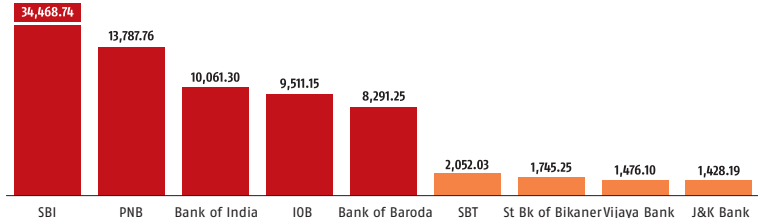


The above data is only for listed banks

Source: RBI

2: PUBLIC SECTOR BANKS WITH THE MOST AND LEAST NPAs.....

Net non-performing assets at public sector banks as of December 2014



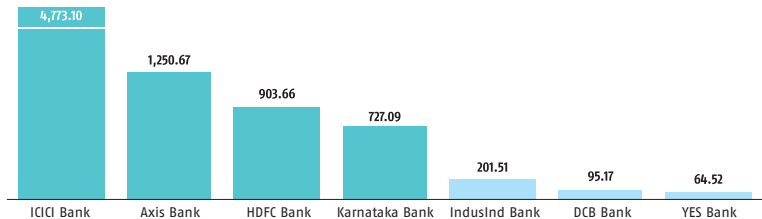
The above data is only for listed banks

(₹ crore)

Source: RBI

3: ...THE NPA PROBLEM AT PUBLIC SECTOR BANKS IS MUCH WORSE THAN EVEN THE PRIVATE BANKS WITH MOST NPAs

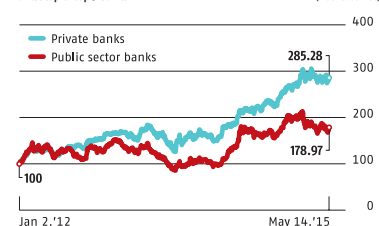
Net non-performing assets at private banks as of December 2014



The above data is only for listed banks

4: PSB STOCKS HAVEN'T GONE UP AS MUCH AS OF PVT BANKS

Market cap of top 5 banks

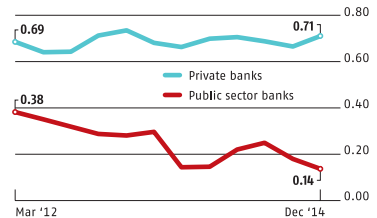


Index is calculated according to the market cap of top 5 banks

Source: Capitaline

5: BAD DEBTS HAVE SQUEEZED PSBs' NET PROFITS...

Net profit (as % of total advances)

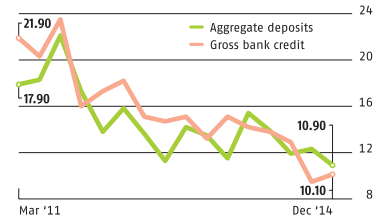


The above data is only for listed banks (28)

Source: RBI

6: ...AND LED THEM TO PUT THE BRAKES ON LENDING

Annual growth rates at all scheduled commercial banks (% at end of respective quarter)



Source: RBI

