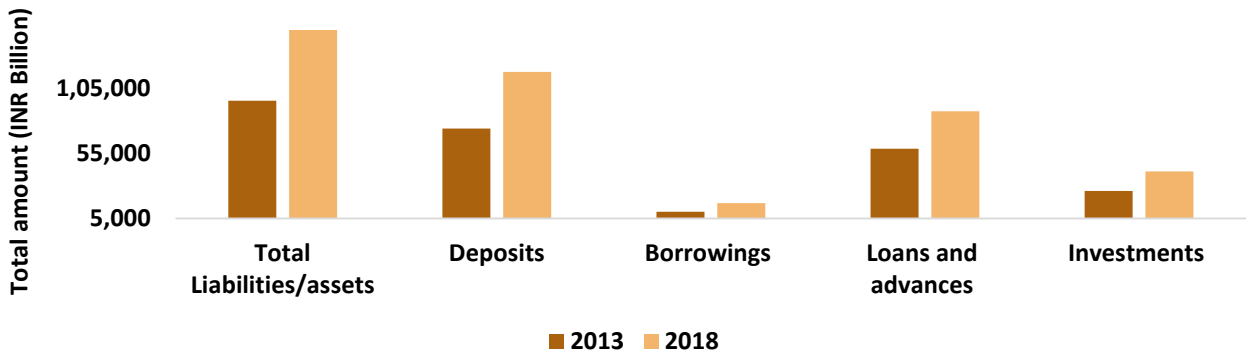
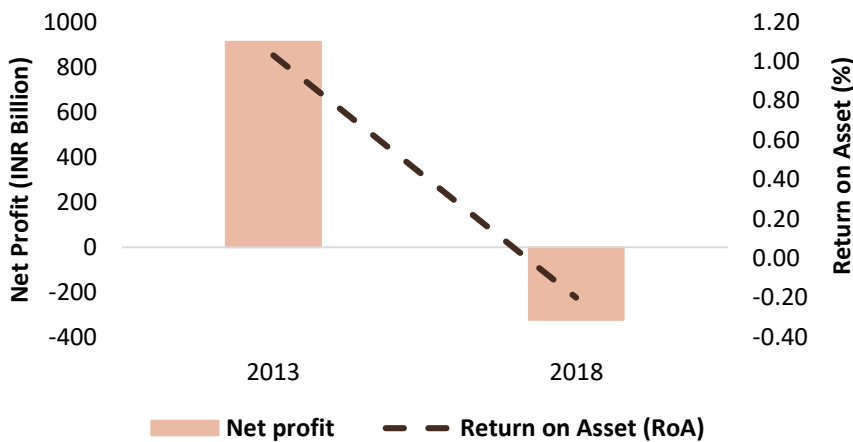


Performance of Indian Banking Sector

Balance Sheet Operations, RBI, 2013 - 2018



Level of Profitability, RBI, 2013 -2018

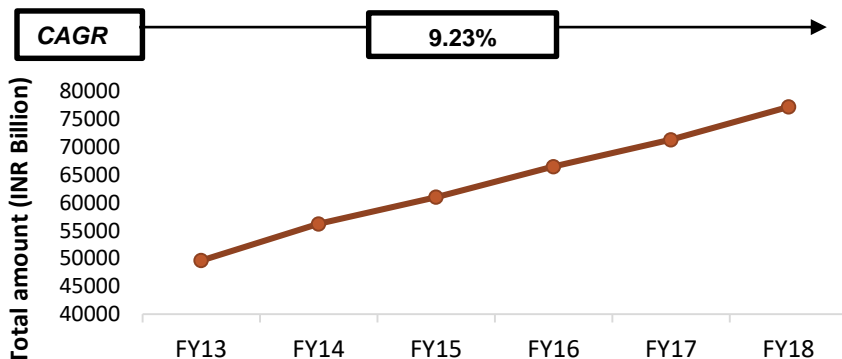


Between 2013 -18, the CAGR (Compound Annual Growth Rate) of the following indicators have increased or decreased in the following ways:

Indicator	CAGR (%)
Total Liabilities/assets	9.76
Deposits	9.68
Borrowings	10.73
Loans and advances	8.27
Investments	9.57
Net profit	-1.81
Return on Asset (RoA)	-1.72

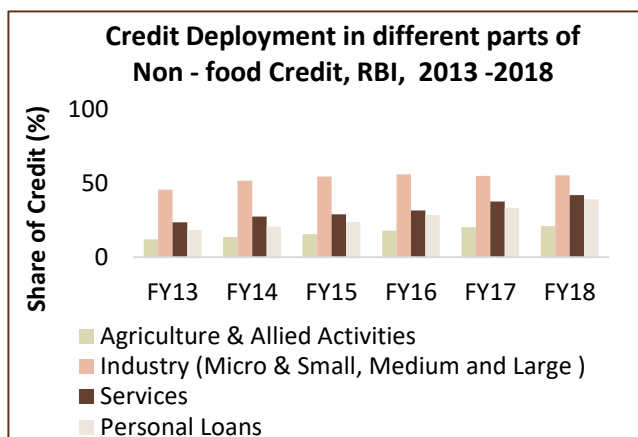
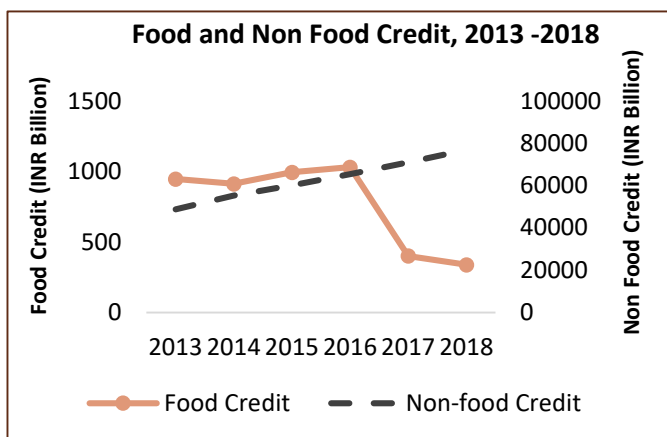
- The balance sheet operations of the banks shows that the overall operations of Indian banks have increased quite remarkably over the years.
- However the negative level of profitability show a glimpse of its depressive condition.
- The rise in the amount of **Non Performing Assets (NPA)** over the years is a major reason for such downturn of profit.

Gross Bank Credit, RBI, 2013 -2018



- The **Gross Bank Credit** is the total amount of funds which is provided to person/business from banks.
- Overall, deployment of this bank credit towards different parts of the economy has grown over the years.





- Increasing deployment of bank credit is a sign of growing economy. Credit inflow from bank to different industries are part of financial reforms. It boosts economic activities thus expanding the economy.
- Credit flow to the non – food industry has risen at a CAGR of 9.56% between 2013 -18. However, the same flow has been decreased in the food – credit part at a CAGR of -0.19% within that same time period.

Credit Disbursement in Different Industries

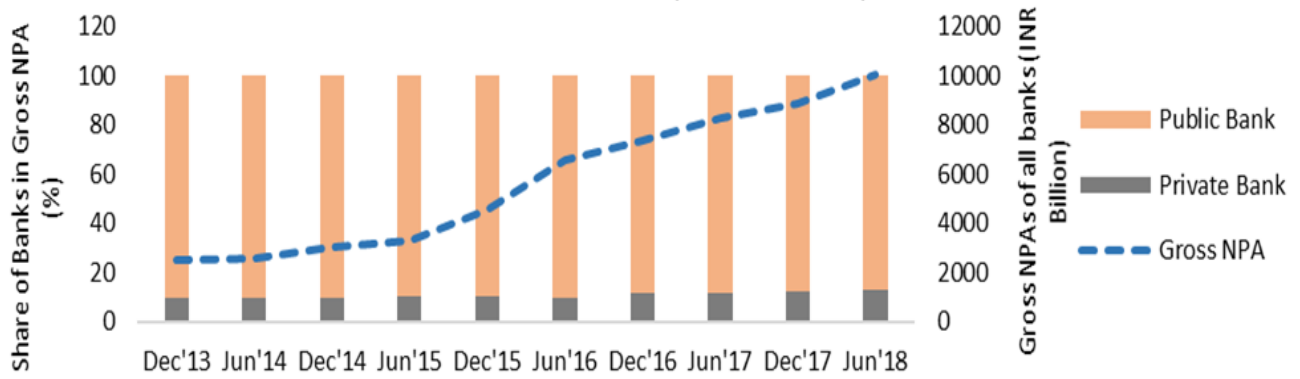
Industry	2013 - 18	CAGR (%)
Construction	11.54	11.54
Wood	7.21	7.21
Rubber and Plastic	6.31	6.31
Vehicles, Vehicle Parts etc.	5.99	5.99
Basic Metal & Metal Product	5.78	5.78
Food Processing	5.77	5.77
Leather	5.46	5.46
Infrastructure	4.07	4.07
All Engineering	3.87	3.87
Mining & Quarrying (incl. Coal)	3.59	3.59
Gems & Jewellery	3.51	3.51
Cement	2.78	2.78
Textiles	2.72	2.72
Glass & Glassware	2.56	2.56
Paper & Paper Products	1.62	1.62
Other Industries	0.87	0.87
Chemicals & Chemical Products	0.47	0.47
Petroleum, Coal Products & Nuclear Fuels	0.25	0.25
Beverage & Tobacco	-1.16	-1.16

- Apart from the mentioned industries in the table, the amount of credit disbursed to the agricultural sector has also increased at a CAGR of 11.8% between 2013 -18.
- Investment in Agriculture, Healthcare, Infrastructure, Construction, Metal, Engineering and many other sectors and their sub sectors always influences the economic growth.
- Credit disbursement in these industries' are used as capital investment (Machineries and other technologies), on the labours to enhance their skills and productivity, on the imports of raw materials, input cost and on many more essential activities.
- The main focus for higher investment in these sectors lies in making the production process successful and to improve the path to sustainable growth.

Range of Investment (INR Billion)

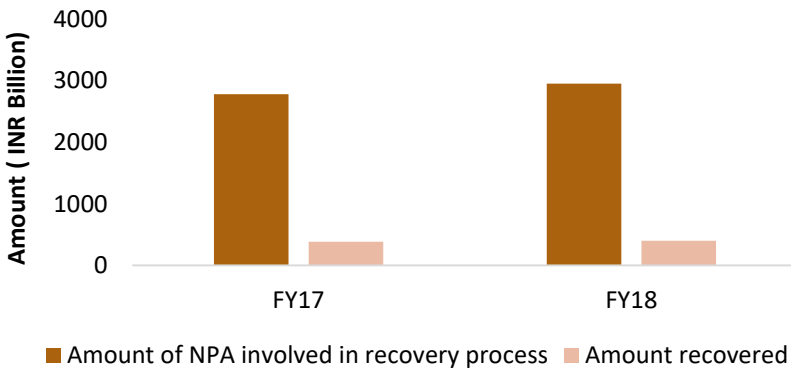


Gross NPAs of Public and Private Banks, Dec'13 - Jun'18, India



- In 2015, The **Insolvency and Bankruptcy Code (IBC)** was introduced as a one stop solution for resolving insolvencies and NPA issues which usually considered to be long procedures before its implementation.
- In June 2016, **National Company Law Tribunal (NCLT)** was established under Companies Act 2013. The cases of to bankruptcy, liquidation and non performing assets of the companies in all the industries are actually get registered here.

Recovery of NPAs of the Scheduled Commercial Banks, India, FY16 -FY17



- Apart from IBC, several other recovery channels (Debts Recovery Tribunal, Lok Adalats, SARFAESI Act) are also there through which more than 3 Lakh cases had been chosen in FY16 and FY17 for recovery purpose.
- The proportion of recovered money from the NPAs was 13.83% in FY17 and 13.67% in FY18.

- The Insolvency and Bankruptcy Code has made a huge success by making a 49.6% recovery rate of non-performing assets in 2017-18.
- According to the data of RBI, against the claimed amount of INR 9,900 crore, the lenders have become able to recover INR 4,900 crore under the IBC.
- The recovery rate in Public Sector Banks was 14.2 % and in Private Banks it 5.0 %.
- According to the data of RBI, the stress has risen mostly in the mining, food processing and construction sectors.
- Currently the banking industry is on its course of recovery and it is also expected that it would experience further improvement in its asset quality in FY19.
- The Gross NPA ratio which was 10.8% in Sept'18 is expected to touch 10.3% in March'19.