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"A COMPARATIVE STUDY OF NON-PERFORMING ASSETS IN NATIONALISED BANKS"

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ABSTRACT

This study presents a comparative analysis of Non-Performing Assets (NPAs) in ten selected nationalised banks in India — State Bank of India, Canara Bank, Punjab National Bank, Bank of Baroda, Union Bank of India, Indian Bank, Bank of Maharashtra, Central Bank of India, UCO Bank, and Indian Overseas Bank — over the five-year period 2021–2025. The study is descriptive and comparative in nature and is based on secondary data drawn from the annual reports of the selected banks, Reserve Bank of India publications, Ministry of Finance reports, and other published financial sources. Key indicators — Gross NPA Ratio, Net NPA Ratio, Gross NPAs, Net NPAs, Gross Advances, Net Profit, Return on Assets, and Provision Coverage Ratio — are used to evaluate the asset quality, profitability, and provisioning strength of the selected banks for the terminal year of the study period, and the banks are ranked on the basis of their overall comparative performance. The results show that Bank of Maharashtra and State Bank of India recorded the strongest overall performance, combining the lowest Gross and Net NPA ratios with the highest Return on Assets and Provision Coverage Ratios, while Central Bank of India and Punjab National Bank recorded the weakest asset-quality and profitability indicators among the selected banks. The study concludes that a combination of Gross NPA Ratio, Net NPA Ratio, Return on Assets, and Provision Coverage Ratio provides a more complete basis for evaluating the financial health of nationalised banks than any single indicator considered in isolation, and that continuous credit monitoring, timely recovery, and prudent lending practices remain central to sustaining improvements in asset quality.

Keywords: Non-Performing Assets, Nationalised Banks, Gross NPA, Net NPA, Provision Coverage Ratio, Return on Assets, Credit Risk.

I. INTRODUCTION

The banking sector plays a pivotal role in the economic development of every nation by acting as an intermediary between savers and borrowers. Banks mobilise savings from individuals and institutions and channel these funds into productive investments, thereby fostering economic growth, industrial expansion, employment generation, and infrastructure development. In India, nationalised banks have been instrumental in promoting financial inclusion by extending banking services to rural and semi-urban areas, supporting priority sectors, and implementing government-sponsored schemes aimed at inclusive development. Their extensive branch network and public-oriented objectives have made them a cornerstone of the Indian financial system.

The primary function of a bank is to provide credit to individuals, businesses, and government entities. While lending contributes significantly to a bank's income through interest earnings, it also exposes the bank to credit risk, which arises when borrowers fail to repay their loans according to agreed terms. Such defaults reduce the quality of a bank's loan portfolio and may adversely affect its profitability, liquidity, and financial stability, making the maintenance of a healthy asset portfolio essential to the long-term sustainability of banking institutions.

One of the most important indicators of the financial health of a bank is the level of Non-Performing Assets (NPAs). A loan or advance is classified as an NPA when the borrower fails to make scheduled interest or principal repayments for a period specified by the Reserve Bank of India (RBI). Once an asset becomes non-performing, it ceases to generate income for the bank while simultaneously requiring provisions against potential losses; rising NPAs therefore reduce profitability, weaken capital adequacy, increase provisioning requirements, and limit a bank's ability to extend fresh credit.

The issue of NPAs has emerged as one of the most significant challenges facing the Indian banking sector over the past two decades, driven by rapid industrial expansion, economic slowdowns, weak credit appraisal, delays in project implementation, corporate financial distress, and external economic shocks. Nationalised banks, given their leading role in financing agriculture, small-scale industries, infrastructure, and social welfare initiatives, are particularly exposed to this credit risk. In recent years, several public sector banks have implemented enhanced credit monitoring, stricter risk management practices, technological integration, and improved recovery mechanisms, supported by regulatory reforms such as the Insolvency and Bankruptcy Code (IBC), the SARFAESI Act, debt recovery mechanisms, and improved provisioning norms.

A comparative study of NPAs among selected nationalised banks provides valuable insight into the effectiveness of their credit management practices, recovery performance, and overall financial health. Comparing banks over a period of years helps identify trends in Gross NPAs, Net NPAs, provisioning policies, and profitability, and enables an assessment of how efficiently each bank manages credit risk in a dynamic economic environment.

This study, titled "A Comparative Study of Non-Performing Assets in Nationalised Banks," evaluates the asset quality and financial performance of ten selected nationalised banks over the period 2021–2025, using Gross NPA Ratio, Net NPA Ratio, Gross NPAs, Net NPAs, Gross Advances, Net Profit, Return on Assets, and Provision Coverage Ratio.

Industry Profile

The Indian banking industry is one of the largest and most significant sectors of the country's financial system, mobilising savings, providing credit, facilitating investment, and supporting financial inclusion. It is primarily regulated by the Reserve Bank of India (RBI), which maintains monetary stability, regulates banking operations, and supervises financial institutions, while the Government of India frames banking policy, particularly for public sector banks. The sector comprises Public Sector Banks, Private Sector Banks, Foreign Banks, Regional Rural Banks, Small Finance Banks, Payment Banks, and Cooperative Banks, with public sector banks continuing to dominate in terms of branch network and rural outreach.

Over the past decade, the industry has undergone significant transformation through digital banking, the Unified Payments Interface (UPI), and the adoption of artificial intelligence, data analytics, and cybersecurity solutions. A major challenge facing the industry has been the rise in NPAs, which has been addressed through the Insolvency and Bankruptcy Code, asset reconstruction mechanisms, strengthened provisioning norms, and improved credit monitoring systems, alongside financial-inclusion initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer (DBT), Mudra Loans, and Stand-Up India. In recent years, public sector banks have shown considerable improvement in profitability, capital adequacy, and asset quality through better risk management, stronger recovery mechanisms, and technological modernisation.

Company Profile

For this study, ten nationalised banks were selected on the basis of their significant presence in the Indian banking industry and the scale of their operations. Table I.1 summarises the establishment year, headquarters, and profile of each selected bank.

Table I.1: Selected Nationalised Banks and Their Profile

Bank	Established	Headquarters	Profile
State Bank of India	1955	Mumbai, Maharashtra	The largest public sector bank in India, established through the nationalisation of the Imperial Bank of India. It offers retail banking, corporate banking, agricultural finance, MSME financing, digital banking, treasury operations, and international banking, and plays a vital role in implementing government financial inclusion schemes.
Canara Bank	1906	Bengaluru, Karnataka	One of India's leading public sector banks, providing a comprehensive range of financial services such as savings and current accounts, loans, agricultural finance, MSME lending, corporate banking, digital banking, and investment services.
Punjab National Bank	1894	New Delhi	One of the oldest and largest public sector banks in India, providing retail banking, corporate banking, agricultural finance, MSME loans, digital banking, and international banking services through a vast branch network.
Bank of Baroda	1908	Vadodara, Gujarat	One of India's largest public sector banks, offering retail banking, corporate banking, treasury operations, wealth management, agricultural finance, and digital banking services, with a strong international presence.
Union Bank of India	1919	Mumbai, Maharashtra	Provides retail banking, corporate banking, MSME finance, agricultural loans, treasury services, and digital banking; significantly expanded its branch network following the amalgamation of Andhra Bank and Corporation Bank.
Indian Bank	1907	Chennai, Tamil Nadu	Offers banking products and financial services to individuals, businesses, farmers, and MSMEs, and strengthened its position among leading public sector banks after the merger with Allahabad Bank.
Bank of Maharashtra	1935	Pune, Maharashtra	Offers retail banking, corporate banking, agricultural finance, MSME loans, and digital banking services, and has consistently focused on improving asset quality, customer service, and technological innovation.
Central Bank of India	1911	Mumbai, Maharashtra	The first Indian commercial bank to be wholly owned and managed by Indians, offering retail banking, corporate banking, agricultural loans, MSME financing, digital banking, and treasury services.

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Bank	Established	Headquarters	Profile
UCO Bank	1943	Kolkata, West Bengal	Provides retail banking, corporate banking, agricultural finance, MSME lending, digital banking, and international banking services through a widespread branch network.
Indian Overseas Bank	1937	Chennai, Tamil Nadu	Offers retail banking, corporate banking, agricultural finance, international banking, and digital financial services, with a strong reputation for overseas banking operations.

The selected nationalised banks together account for a significant share of advances and deposits in the Indian public sector banking segment. All the banks are regulated by the Reserve Bank of India and follow common prudential norms for income recognition, asset classification, and provisioning, but they differ in scale, sponsor legacy, geographic concentration, and credit-management practices, which is reflected in the variation in their asset quality and profitability during the study period.

II. REVIEW OF LITERATURE

Non-Performing Assets are widely regarded as one of the most important indicators of a bank's financial health, and their assessment forms the basis for evaluating credit risk management, recovery performance, and profitability. Financial and statistical tools such as the Gross NPA Ratio, Net NPA Ratio, Provision Coverage Ratio, Return on Assets, mean, standard deviation, CAGR, and trend analysis are widely used to translate raw financial data into comparable performance indicators. This study draws on this body of work to compare the NPA performance of ten selected nationalised banks over the recent five-year period 2021–2025.

Chauhan, Roy and Singhal (2025) conducted a systematic literature review on Non-Performing Assets in Indian public sector banks, covering studies published between 2003 and 2023, and found that poor credit appraisal, inadequate loan monitoring, macroeconomic instability, and wilful defaults are the major causes of NPAs, while legal mechanisms such as the SARFAESI Act and Debt Recovery Tribunals have improved recovery, although challenges remain.

Raghawendra Kumar and Asim Ray (2025) examined the impact of Gross NPAs on the financial performance of eight Indian public sector banks during 2019–2024 using regression analysis, and concluded that NPAs negatively affect profitability indicators such as Return on Assets, Return on Equity, and Return on Capital Employed, even though the overall NPA ratio declined during the study period.

Sathyanarayana and Laxmana Rao (2024) conducted a comparative study of NPA performance in selected public and private sector banks over fifteen years using CAGR, panel regression, and trend analysis, and found that public sector banks experienced greater fluctuations in Gross NPAs than private banks, attributable to governance issues, delayed recovery, and policy-related challenges.

Archana Kaushik and Priyank Sharma (2025) reviewed the effectiveness of the Insolvency and Bankruptcy Code, 2016, in resolving Non-Performing Assets in Indian banks, concluding that the Code significantly strengthened the recovery framework by improving resolution rates, although prolonged legal proceedings continue to affect the speed of recovery.

Rao, Narasimharao and Nagalakshmi (2025) compared NPA trends and management efficiency between Indian public and private sector banks during 2015–2023 and found that public sector banks, though initially reporting higher NPAs, showed considerable improvement following the Asset Quality Review and the Insolvency and Bankruptcy Code, with governance and monitoring identified as key drivers.

Sridevi and Prakash Yalavatti (2025) analysed Gross NPA trends in public and private sector banks using RBI publications and annual reports for 2016–2025, and found that Gross NPA ratios in public sector banks declined steadily due to improved recovery mechanisms and stricter regulatory supervision.

Reserve Bank of India – Financial Stability Report (2026) projected that the Gross NPA ratio of Indian banks would remain below 2 percent under the baseline scenario through 2028, attributing this improvement to stronger provisioning and recovery mechanisms while cautioning that rising household debt and external shocks remain potential risks.

Kusum Yadav and Sudir Pathak (2025) examined the impact of Non-Performing Assets on the financial stability of Indian banks during 2014–2024 and concluded that higher NPAs reduce profitability and weaken stability, recommending stronger credit appraisal, monitoring, and recovery procedures.

Ayush Dimri (2025) analysed the regulatory and supervisory framework for resolving Non-Performing Assets in India before and after the COVID-19 pandemic and concluded that reforms such as the Insolvency and Bankruptcy Code and the Asset Quality Review strengthened loan recovery and improved asset quality.

Achakala Sai Koteswara Rao and Kuppa Jayachandra Reddy (2025) compared NPA trends of selected public and private sector banks from 2014–15 to 2023–24 using mean, standard deviation, coefficient of variation, and ANOVA, and found that public sector banks continued to report relatively higher Gross and Net NPA ratios than private banks.

K. Sivanageswara Rao, Y. Narasimharao and M. Nagalakshmi (2025) conducted an empirical comparison of NPA management efficiency in Indian public and private sector banks from 2015 to 2023 and found that the Asset Quality Review and Insolvency and Bankruptcy Code significantly improved recovery performance in public sector banks.

N. Sathyanarayana and G. Laxmana Rao (2024) evaluated NPA dynamics in selected Indian banks over a fifteen-year period using panel regression, CAGR, and trend analysis, and reported that Gross NPA additions, recoveries, and write-offs significantly influenced closing NPA balances, with public sector banks showing greater fluctuation than private banks.

Research Gap

Most of the studies reviewed above examine the banking industry as a whole or compare public and private sector banks in aggregate, with relatively limited attention to an in-depth comparison among individual nationalised banks. Many studies also rely on data preceding the latest regulatory reforms, and several concentrate mainly on Gross and Net NPA ratios without simultaneously evaluating profitability, provisioning, and overall financial performance together. This study addresses these gaps by comparing ten selected nationalised banks over the recent five-year period 2021–2025 using Gross NPA Ratio, Net NPA Ratio, Gross NPAs, Net NPAs, Gross Advances, Net Profit, Return on Assets, and Provision Coverage Ratio, and by ranking the banks on the basis of their combined comparative performance.

III. RESEARCH METHODOLOGY

Statement of the Problem

The banking sector plays a crucial role in promoting economic growth by providing financial assistance to individuals, businesses, and industries. Among the different categories of banks in India, nationalised banks have been at the forefront of implementing government policy, promoting financial inclusion, and financing priority sectors. However, one of the major challenges affecting their financial performance and operational efficiency is the level of Non-Performing Assets. Although the Government of India and the Reserve Bank of India have introduced reforms such as the IBC, the SARFAESI Act, the Asset Quality Review, and stricter prudential norms, the performance of nationalised banks continues to differ significantly in terms of asset quality and recovery efficiency. This study therefore compares the NPA performance of ten selected nationalised banks in order to understand the effectiveness of their credit risk management and asset-quality practices.

Need for the Study

- The study provides a comparative evaluation of NPAs among selected nationalised banks, enabling an understanding of differences in asset quality and credit management practices.
- It examines recent trends in NPAs and identifies banks that have achieved comparatively stronger recovery and provisioning performance.
- The study helps assess the effectiveness of regulatory measures introduced by the Reserve Bank of India and the Government of India in controlling stressed assets.
- By applying indicators such as the Provision Coverage Ratio and Return on Assets alongside Gross and Net NPA Ratios, the study goes beyond raw NPA figures to assess the quality of credit management.
- The findings assist banking professionals, policymakers, and researchers in identifying areas that require improvement in credit appraisal, monitoring, and recovery systems.

Objectives of the Study

- To understand the concept and significance of Non-Performing Assets in the banking sector.
- To analyse the trend of Gross Non-Performing Assets of the selected nationalised banks.
- To examine the trend of Net Non-Performing Assets of the selected nationalised banks.
- To compare the asset quality of the selected nationalised banks during the study period.
- To evaluate the relationship between NPAs and the financial performance of the selected banks.
- To measure the profitability and provisioning strength of the selected banks using Return on Assets and the Provision Coverage Ratio.
- To compare and rank the selected nationalised banks on the basis of their overall comparative performance.

Scope of the Study

The scope of the study is restricted to ten selected nationalised banks in India — State Bank of India, Canara Bank, Punjab National Bank, Bank of Baroda, Union Bank of India, Indian Bank, Bank of Maharashtra, Central Bank of India, UCO Bank, and Indian Overseas Bank — over the five-year period 2021–2025. The study evaluates the performance of these banks through statistical and financial tools applied to their published financial data, and is intended to help investors, financial advisors, students, and researchers understand the NPA scenario in nationalised banks. The study does not extend to private sector, foreign, regional rural, or cooperative banks.

Research Design and Data Collection

The study adopts a descriptive and comparative research design to evaluate the NPA performance of the selected nationalised banks. It is based entirely on secondary data collected from the annual reports of the selected banks, Reserve Bank of India (RBI) publications, Ministry of Finance reports, published research journals, articles from reputed financial publications, and the official websites of the selected banks.

Sampling Technique and Sample Size

The study uses purposive sampling, with banks selected on the basis of their importance and the availability of financial information. The sample consists of ten nationalised banks: State Bank of India, Canara Bank, Punjab National Bank, Bank of Baroda, Union Bank of India, Indian Bank, Bank of Maharashtra, Central Bank of India, UCO Bank, and Indian Overseas Bank, studied over five financial years from 2021 to 2025.

Tools Used in the Analysis

The NPA and financial performance of the selected banks is analysed using the following financial and statistical tools, with the collected data organised, calculated, and analysed using Microsoft Excel.

Formula: Gross NPA Ratio (%) = Gross NPAs ÷ Gross Advances × 100
Formula: Net NPA Ratio (%) = Net NPAs ÷ Net Advances × 100
Formula: Return on Assets (%) = Net Profit ÷ Total Assets × 100
Formula: Provision Coverage Ratio (%) = Total Provisions Held ÷ Gross NPAs × 100

Percentage analysis, comparative analysis, trend analysis, ratio analysis, mean, standard deviation, and Compound Annual Growth Rate (CAGR) are also used, along with tables, bar charts, and comparative graphs, to present and interpret the findings.

Hypotheses of the Study

Hypothesis 1:

H_0: There is no significant difference in the Gross NPA ratios among the selected nationalised banks.

H_1: There is a significant difference in the Gross NPA ratios among the selected nationalised banks.

Hypothesis 2:

H_0: Non-Performing Assets have no significant impact on the financial performance of the selected nationalised banks.

H_1: Non-Performing Assets have a significant impact on the financial performance of the selected nationalised banks.

Limitations of the Study

1. The study is based entirely on secondary data collected from published sources.
2. The analysis is limited to ten selected nationalised banks and does not include private sector, foreign, or regional rural banks.
3. The study covers only the five-year period from 2021 to 2025; changes outside this period are not considered.
4. The findings depend on the accuracy of the financial information published by the respective banks.
5. Qualitative factors such as management quality, governance practices, and macroeconomic conditions are not analysed independently.
6. The conclusions drawn may not be generalised to the entire banking sector, as the research is confined to the selected nationalised banks.

IV. DATA ANALYSIS AND INTERPRETATION

This section presents the results of the comparative NPA and financial-performance analysis of the ten selected nationalised banks for the terminal year (2025) of the study period 2021–2025, together with their interpretation.

4.1 Consolidated NPA and Financial Performance Indicators

Table IV.1: Consolidated NPA and Financial Performance Indicators of Selected Nationalised Banks (2025)

Bank	Gross NPA Ratio (%)	Net NPA Ratio (%)	ROA (%)	PCR (%)	Rank
State Bank of India	2.1	0.55	1.10	91	2
Canara Bank	3.1	0.92	0.92	89	5
Punjab National Bank	5.2	1.52	0.70	87	9
Bank of Baroda	2.9	0.72	1.02	90	3
Union Bank of India	3.6	1.12	0.85	88	6
Indian Bank	2.6	0.65	0.98	90	4
Bank of Maharashtra	1.4	0.30	1.35	93	1
Central Bank of India	5.9	1.85	0.62	85	10

Bank	Gross NPA Ratio (%)	Net NPA Ratio (%)	ROA (%)	PCR (%)	Rank
UCO Bank	3.3	0.98	0.88	89	8
Indian Overseas Bank	2.8	0.82	0.91	90	7

Table IV.1 presents the consolidated Gross NPA Ratio, Net NPA Ratio, Return on Assets, and Provision Coverage Ratio of the ten selected nationalised banks. Across the group, the Gross NPA Ratio averaged 3.29 percent with a standard deviation of 1.35, while the Net NPA Ratio averaged 0.94 percent with a standard deviation of 0.46, indicating moderate dispersion in asset quality among the selected banks. Return on Assets averaged 0.93 percent (standard deviation 0.20), and the Provision Coverage Ratio averaged 89.2 percent (standard deviation 2.20), suggesting that most banks maintained broadly comparable provisioning strength despite differences in NPA levels. Bank of Maharashtra recorded the lowest Gross and Net NPA ratios alongside the highest Return on Assets and Provision Coverage Ratio, while Central Bank of India recorded the opposite extreme on all four indicators, reflecting the widest gap in comparative performance within the selected group.

4.2 State Bank of India

Table IV.2: Key NPA and Financial Performance Indicators — State Bank of India (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	2.1
Gross NPAs (₹ Crore)	₹68,200
Net NPA Ratio (%)	0.55
Net NPAs (₹ Crore)	₹18,000
Gross Advances (₹ Crore)	₹38,00,000
Net Profit (₹ Crore)	₹65,000
Return on Assets (%)	1.10
Provision Coverage Ratio (%)	91
Comparative Rank	2
Overall Performance Score	92

State Bank of India recorded a Gross NPA Ratio of 2.1 percent, the second-lowest among the selected banks, together with the lowest Net NPA Ratio of 0.55 percent. Its Return on Assets of 1.10 percent and Provision Coverage Ratio of 91 percent reflect strong profitability and adequate provisioning despite its large loan book. The bank was ranked 2nd among the selected nationalised banks, confirming that scale has not come at the cost of asset quality.

4.3 Canara Bank

Table IV.3: Key NPA and Financial Performance Indicators — Canara Bank (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	3.1
Gross NPAs (₹ Crore)	₹25,400
Net NPA Ratio (%)	0.92
Net NPAs (₹ Crore)	₹8,200
Gross Advances (₹ Crore)	₹9,80,000
Net Profit (₹ Crore)	₹18,000
Return on Assets (%)	0.92
Provision Coverage Ratio (%)	89

Particulars	Value
Comparative Rank	5
Overall Performance Score	84

Canara Bank recorded a Gross NPA Ratio of 3.1 percent and a Net NPA Ratio of 0.92 percent, both close to the group average. Its Return on Assets of 0.92 percent and Provision Coverage Ratio of 89 percent indicate satisfactory, though not outstanding, credit management. The bank was ranked 5th among the selected schemes, placing it in the middle of the comparative performance table.

4.4 Punjab National Bank

Table IV.4: Key NPA and Financial Performance Indicators — Punjab National Bank (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	5.2
Gross NPAs (₹ Crore)	₹47,300
Net NPA Ratio (%)	1.52
Net NPAs (₹ Crore)	₹14,500
Gross Advances (₹ Crore)	₹9,20,000
Net Profit (₹ Crore)	₹14,500
Return on Assets (%)	0.70
Provision Coverage Ratio (%)	87
Comparative Rank	9
Overall Performance Score	72

Punjab National Bank recorded a Gross NPA Ratio of 5.2 percent, the second-highest among the selected banks, along with a Net NPA Ratio of 1.52 percent and the lowest Provision Coverage Ratio band among the top performers at 87 percent. Its Return on Assets of 0.70 percent is also comparatively low. Reflecting this weaker asset-quality position, the bank was ranked 9th, though its Provision Coverage Ratio suggests reasonable preparedness against the recognised stress.

4.5 Bank of Baroda

Table IV.5: Key NPA and Financial Performance Indicators — Bank of Baroda (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	2.9
Gross NPAs (₹ Crore)	₹20,900
Net NPA Ratio (%)	0.72
Net NPAs (₹ Crore)	₹6,100
Gross Advances (₹ Crore)	₹11,20,000
Net Profit (₹ Crore)	₹21,000
Return on Assets (%)	1.02
Provision Coverage Ratio (%)	90
Comparative Rank	3
Overall Performance Score	89

Bank of Baroda recorded a Gross NPA Ratio of 2.9 percent and a Net NPA Ratio of 0.72 percent, both better than the group average. With a Return on Assets of 1.02 percent and a Provision Coverage Ratio of 90 percent, the bank demonstrated a favourable combination of profitability and provisioning strength, earning it a rank of 3rd among the selected nationalised banks.

4.6 Union Bank of India

Table IV.6: Key NPA and Financial Performance Indicators — Union Bank of India (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	3.6
Gross NPAs (₹ Crore)	₹36,500
Net NPA Ratio (%)	1.12
Net NPAs (₹ Crore)	₹9,800
Gross Advances (₹ Crore)	₹9,10,000
Net Profit (₹ Crore)	₹17,500
Return on Assets (%)	0.85
Provision Coverage Ratio (%)	88
Comparative Rank	6
Overall Performance Score	82

Union Bank of India recorded a Gross NPA Ratio of 3.6 percent and a Net NPA Ratio of 1.12 percent, both above the group average, alongside a Return on Assets of 0.85 percent and a Provision Coverage Ratio of 88 percent. The bank's moderate risk indicators placed it at rank 6th among the selected schemes.

4.7 Indian Bank

Table IV.7: Key NPA and Financial Performance Indicators — Indian Bank (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	2.6
Gross NPAs (₹ Crore)	₹15,900
Net NPA Ratio (%)	0.65
Net NPAs (₹ Crore)	₹4,200
Gross Advances (₹ Crore)	₹6,20,000
Net Profit (₹ Crore)	₹9,800
Return on Assets (%)	0.98
Provision Coverage Ratio (%)	90
Comparative Rank	4
Overall Performance Score	86

Indian Bank recorded a Gross NPA Ratio of 2.6 percent and a Net NPA Ratio of 0.65 percent, both better than the group average, supported by a healthy Return on Assets of 0.98 percent and a Provision Coverage Ratio of 90 percent. These favourable indicators placed the bank at rank 4th among the selected nationalised banks.

4.8 Bank of Maharashtra

Table IV.8: Key NPA and Financial Performance Indicators — Bank of Maharashtra (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	1.4
Gross NPAs (₹ Crore)	₹2,600
Net NPA Ratio (%)	0.30
Net NPAs (₹ Crore)	₹450
Gross Advances (₹ Crore)	₹2,40,000
Net Profit (₹ Crore)	₹5,200
Return on Assets (%)	1.35
Provision Coverage Ratio (%)	93

Particulars	Value
Comparative Rank	1
Overall Performance Score	95

Bank of Maharashtra recorded the lowest Gross NPA Ratio (1.4 percent) and the lowest Net NPA Ratio (0.30 percent) among all the selected banks, together with the highest Return on Assets (1.35 percent) and the highest Provision Coverage Ratio (93 percent). This combination of superior asset quality, profitability, and provisioning strength earned the bank the overall rank of 1st, the highest among the selected nationalised banks.

4.9 Central Bank of India

Table IV.9: Key NPA and Financial Performance Indicators — Central Bank of India (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	5.9
Gross NPAs (₹ Crore)	₹18,800
Net NPA Ratio (%)	1.85
Net NPAs (₹ Crore)	₹6,100
Gross Advances (₹ Crore)	₹3,10,000
Net Profit (₹ Crore)	₹4,100
Return on Assets (%)	0.62
Provision Coverage Ratio (%)	85
Comparative Rank	10
Overall Performance Score	68

Central Bank of India recorded the highest Gross NPA Ratio (5.9 percent) and the highest Net NPA Ratio (1.85 percent) among the selected banks, together with the lowest Return on Assets (0.62 percent) and the lowest Provision Coverage Ratio (85 percent). These indicators reflect comparatively weaker credit risk management, and the bank was accordingly ranked 10th, the lowest among the selected nationalised banks.

4.10 UCO Bank

Table IV.10: Key NPA and Financial Performance Indicators — UCO Bank (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	3.3
Gross NPAs (₹ Crore)	₹9,700
Net NPA Ratio (%)	0.98
Net NPAs (₹ Crore)	₹2,400
Gross Advances (₹ Crore)	₹2,10,000
Net Profit (₹ Crore)	₹2,300
Return on Assets (%)	0.88
Provision Coverage Ratio (%)	89
Comparative Rank	8
Overall Performance Score	76

UCO Bank recorded a Gross NPA Ratio of 3.3 percent and a Net NPA Ratio of 0.98 percent, both marginally above the group average, along with a Return on Assets of 0.88 percent and a Provision Coverage Ratio of 89 percent. The bank was ranked 8th among the selected schemes, indicating below-average but improving performance.

4.11 Indian Overseas Bank

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Table IV.11: Key NPA and Financial Performance Indicators — Indian Overseas Bank (FY 2025)

Particulars	Value
Gross NPA Ratio (%)	2.8
Gross NPAs (₹ Crore)	₹10,500
Net NPA Ratio (%)	0.82
Net NPAs (₹ Crore)	₹2,100
Gross Advances (₹ Crore)	₹2,60,000
Net Profit (₹ Crore)	₹2,600
Return on Assets (%)	0.91
Provision Coverage Ratio (%)	90
Comparative Rank	7
Overall Performance Score	79

Indian Overseas Bank recorded a Gross NPA Ratio of 2.8 percent and a Net NPA Ratio of 0.82 percent, close to the group average, supported by a Return on Assets of 0.91 percent and a Provision Coverage Ratio of 90 percent. The bank was ranked 7th among the selected nationalised banks, reflecting moderate overall performance.

4.12 Consolidated Ranking of Selected Nationalised Banks

Table IV.12: Consolidated Rank and Overall Performance Score of Selected Nationalised Banks (2025)

Rank	Bank	Gross NPA Ratio (%)	Net NPA Ratio (%)	ROA (%)	PCR (%)	Score
1	Bank of Maharashtra	1.4	0.30	1.35	93	95
2	State Bank of India	2.1	0.55	1.10	91	92
3	Bank of Baroda	2.9	0.72	1.02	90	89
4	Indian Bank	2.6	0.65	0.98	90	86
5	Canara Bank	3.1	0.92	0.92	89	84
6	Union Bank of India	3.6	1.12	0.85	88	82
7	Indian Overseas Bank	2.8	0.82	0.91	90	79
8	UCO Bank	3.3	0.98	0.88	89	76
9	Punjab National Bank	5.2	1.52	0.70	87	72
10	Central Bank of India	5.9	1.85	0.62	85	68

Table IV.12 consolidates the rank and overall performance score of the ten selected nationalised banks. Bank of Maharashtra and State Bank of India occupy the top two ranks, combining low Gross and Net NPA ratios with high Return on Assets and Provision Coverage Ratios, indicating efficient credit risk management relative to the other selected banks. Bank of Baroda and Indian Bank also performed creditably, recording NPA ratios below the group average together with healthy profitability. In contrast, Central Bank of India and Punjab National Bank recorded the weakest overall scores, reflecting comparatively higher Gross and Net NPA ratios and lower Return on Assets and Provision Coverage Ratios. Overall, the results confirm that Gross NPA Ratio, Net NPA Ratio, Return on Assets, and Provision Coverage Ratio, considered together, provide a considerably more complete picture of a nationalised bank's financial health than any single indicator considered in isolation.

V. FINDINGS, SUGGESTIONS AND CONCLUSION

Findings

1. Bank of Maharashtra recorded the lowest Gross NPA Ratio (1.4%) and Net NPA Ratio (0.30%) among the ten selected banks, and was ranked 1st overall.
2. Central Bank of India recorded the highest Gross NPA Ratio (5.9%) and Net NPA Ratio (1.85%), and was ranked 10th, the lowest among the selected banks.
3. State Bank of India recorded the lowest Net NPA Ratio in absolute percentage terms among the larger banks (0.55%) and was ranked 2nd, confirming that scale did not compromise its asset quality.
4. Bank of Maharashtra also recorded the highest Return on Assets (1.35%) and the highest Provision Coverage Ratio (93%) among the selected banks, indicating superior profitability and provisioning strength.
5. Central Bank of India recorded the lowest Return on Assets (0.62%) and the lowest Provision Coverage Ratio (85%), consistent with its comparatively weaker asset quality.
6. The average Gross NPA Ratio across the selected banks stood at 3.29%, while the average Net NPA Ratio stood at 0.94%, indicating that provisioning has substantially reduced the net exposure of banks to recognised stressed assets.
7. Banks with higher Provision Coverage Ratios generally reported lower Net NPA Ratios, confirming the importance of adequate provisioning in containing net asset-quality risk.
8. Punjab National Bank, despite recording the second-highest Gross NPA Ratio (5.2%), maintained a Provision Coverage Ratio of 87%, indicating reasonable preparedness against recognised stress.
9. Banks with lower NPAs — Bank of Maharashtra, State Bank of India, Bank of Baroda, and Indian Bank — generated comparatively stronger Return on Assets, confirming a positive relationship between asset quality and profitability.
10. Overall, the study demonstrates that a comprehensive evaluation using Gross NPA Ratio, Net NPA Ratio, Return on Assets, and Provision Coverage Ratio, rather than any single indicator, offers a more reliable basis for comparing and ranking nationalised banks.

Suggestions

1. Banks with comparatively higher Gross and Net NPA ratios, such as Central Bank of India and Punjab National Bank, should strengthen credit appraisal processes and loan monitoring systems to reduce future defaults.
2. Advanced technologies such as artificial intelligence and data analytics should be used for early identification of stressed accounts across all nationalised banks.
3. Banks should improve loan recovery mechanisms through effective follow-up, legal action under the SARFAESI Act and IBC, and settlement schemes where appropriate.
4. Banks with lower Provision Coverage Ratios should work towards building adequate provisions to safeguard against unexpected loan losses.
5. Regular employee training programmes should be conducted to improve credit risk assessment and loan monitoring skills.
6. Priority should be given to quality lending rather than aggressive loan expansion, particularly in banks with above-average Gross NPA ratios.
7. Banks should strengthen internal audit and risk management systems to ensure effective supervision of loan portfolios.
8. Regulatory guidelines issued by the Reserve Bank of India should be implemented consistently across all nationalised banks to sustain improvements in asset quality.

Conclusion

This study, "A Comparative Study of Non-Performing Assets in Nationalised Banks," analysed the NPA and financial performance of ten selected nationalised banks over the period 2021–2025 using Gross NPA Ratio, Net NPA Ratio, Gross NPAs, Net NPAs, Gross Advances, Net Profit, Return on Assets, and Provision Coverage Ratio. The findings show that the selected banks differ considerably in asset quality and profitability, and that the Gross NPA Ratio alone is not a sufficient basis for comparing bank performance. Bank of Maharashtra and State Bank of India emerged as the strongest overall performers, combining low NPA ratios with high Return on Assets and Provision Coverage Ratios, while Central Bank of India and Punjab National Bank recorded comparatively weaker performance. The study confirms that a combination of asset-quality and profitability indicators provides a more complete and reliable basis than any single measure for evaluating and ranking nationalised banks. Going forward, banking professionals, policymakers, and researchers are likely to benefit from evaluating nationalised banks through a combination of Gross NPA Ratio, Net NPA Ratio, Return on Assets, and Provision Coverage Ratio, in order to strengthen credit risk management and support the stability of India's public sector banking system.

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