Impacts of Performing Assets and Non-Performing Assets on Operations Efficiency of Axis Bank for the Financial Year 2011-2018

[1]Priyanka Jha* and [2]Subburaj N

Abstract

Axis bank has been third-place among India's biggest Banks. The level of performing assets and non-performing assets (NPAs) indicates the banking industry's efficiency. The bank's asset quality can be tracked through a look at NPAs. The current research is dedicated to examining India's nationalized banks' financial results, i.e., Axis bank during the 2011-2018 financial periods. Method: Intended for 2011-12 to 2017-18, secondary data has been collected from Axis bank's published annual report on their website and analysed with percentage and ratio analysis. We saw that the average credit deposit ratio is 86 % during 2011-12 to 2017-18, and it suggests that Rs 86 is lent out of every Rs 100 deposited. The average increase in net profit ratio (10.32±10.15), total expenditure (13.85±8.64), total advances(14.78±7.55), net profit margin (12.47±6.38), net worth ratio (12.78±6.65), dividend pay-out ratio (15.33±9.39), debt to equity ratio (7.59±0.94), Gross NPAs / Gross advances ratio(2.84±2.58),Net NPAs/Net advances ratio (1.20±1.33), total provision ratio (62.58±8.13). There is significantly negative correlation between Gross NPAs and Net Profit and that between Net NPAs and Net Profit is. We also found that the number of lenders (of total assets), outstanding amounts and the provision thereon (of total assets) are not consistent for the year 2011-2018. We concluded that despite good performing assets; NPAs are continuously accumulating, which is not a good indication of development for Axis banks. The Axis bank needs to smartly follow up on the loan accounts to recover both the instalments and Interest. The quality of the loans, along with the bank recovery is not good. The Axis bank's management has not taken adequate care to yield advances, and they struggle to recover from defaulters.

Keywords: Axis bank; Gross NPAs; Net NPAs and Debt to equity ratio.

Introduction

A country's economic growth and banking system stability are interlinked. Indian banks face challenges as a result of globalization and shifts in banking standards and norms. Policymakers like the Reserve Bank of India (R.B.I.) and the Finance Ministry have made essential attempts to develop guidelines for governing the banking sector. The Bank's efficiency is generally reflected in its performing and non-performing assets (NPAs) over a given financial year. NPAs usually are relevant criteria for assessing the Bank's profitability as they affect liquidity, competitiveness, and solvency . Non-performing assets (NPA) occur as loans held by a bank in which Interest or principal and defaulting borrower postponements. The bank's asset quality can be tracked by looking at NPAs . Because of the increase in NPAs, banks have, at present, been carefully implementing risk management policies. Managing NPA is a vital aspect of the bank's credit management.

The amount of NPA for the bank has recently been estimated by R.B.I. According to R.B.I. reports in November 2018, if the gross NPAs sum crosses the Rs 9 lakh crores, the bank's lending activity and liquidity situation would have a significant effect. Banks themselves have taken several repeated measures to overcome the problems of the NPAs, but, the Indian economy is still depressed. A significant reason for bank's profoundly troubled assets is that the practice or process of a better appreciation of NPAs is being followed. As past restructured advances or assets, they are swept beneath the carpet . Higher NPAs in banks arise due to delays in project implementation and

1. Dept. of Management, Sarvepalli Radhakrishnan (S.R.K.) University, NH-12, Hoshangabad Road, Bhopal, India.

execution, inadequate preparation, and poor project execution.

Axis bank [5] leads the A.T.M. network among private banks in India alongside nine foreign offices. During the financial cycle, i.e., the year 2000-01 to 2010-11, the management of non-performing assets is unsuccessful in the AXIS bank [6]. After that, a few studies compared Axis bank with several banks such as ICICI bank [7, 8], Bank of Baroda (B.O.B.) [9, 10], Yes bank [11] and HDFC bank [8] during 2010 to 2018 financial year and concluded that Axis bank is doing well. Nonetheless, these studies are missing to put together both operating assets and non-performing assets for Axis bank's actual study.

Objective

This study focused on the impact of performing and non-performing assets on India's nationalized banks growth trend, i.e., Axis bank during the 2011-2018 fiscal periods. We thought-

The null hypothesis (H0)- There is no meaningful impact on the growth trend of Axis banks during the financial period 2011-2018 from the output of performing assets and non-performing assets.

The alternative hypothesis (H1)- Performing assets and non-performing assets could significantly impact the growth trend of Axis banks during the 2011-2018 financial period.

If our analysis shows the significant impact of performing asset and non-performing assets on Axis bank's growth trends, we will scrap the null hypothesis and accept the alternative hypothesis and vice versa.

Methodology

Intended for 2011-12 to 2017-18, the present research work has obtained secondary data from the released annual report of Axis bank's website. As described below, the following parameters are collected.

Performing assets: Credit deposit ratio, interest expenses to total expenses, interest income to total income, other income to total income, growth in net profit, growth in total income, growth in total expenditure, growth in total deposits, net profit margin, net worth ratio, total assets turnover ratio, dividend pay-out ratio, debt-equity ratio and interest expended to Interest earned ratio.

Non-Performing assets: Gross NPAs / Gross Advances ratio and Gross NPAs/ Total Assets ratio, Net NPAs / Net Advances ratio and Net NPAs/ Total Assets ratio, Total Provision ratio and Shareholder's risk ratio, Sector-Wise Advances, Sector-Wise NPAs for both Priority and Non-Priority sector and Restructured of Assets Classification for total assets (including Standard assets, Sub-standard assets, Doubtful assets, Loss assets).

As we used to evaluate other banks earlier , using Financial Ratio analysis and % age analysis, the data are express as Mean ± Standard deviation (S.D.).

Findings and interpretation

Performing assets

4.1. *The comparative data with the %age change in credit deposit, interest expenses to total expenses, interest income to total income, and other income to total income*

The data are listed in (Table 1) with a Mean ± SD: Commonly credit deposit ratio is used to assess the liquidity of a bank and is calculated by dividing the bank's total advances by its total deposits. We found that for the operating period 2011-2018, the average credit deposit ratio is 86.53±7.84; this means that the Bank has lent Rs 86.53 for every Rs 100. The minimum ratio is

77.13 in the year 2011-2012, and the maximum ratio is 96.92 in the year 2017-2018. It is also clear that Axis bank may not have adequate liquidity to meet any sudden requirements for the funds. It can have an impact on capital adequacy and assets – liability mismatch. As per R.B.I. Guideline credit deposit ratio must not cross 73%; this means that Axis bank borrows from the market to land for project and working capital instead of lower-cost deposits.

The *average of interest expenses to total expenses* is 56.34±5.08 for the operating period 2011-2018 and a maximum of 61.34 % in the year 2012-2013 and a minimum of 48.10 % in the year 2017-2018. The steady decline in this ratio suggests that the bank is capable of managing their fund internally rather than borrowing from external sources, resulting in declining interest expenses per year.

Th*e average interest income to total income* is 80.50±0.67 for the operating period 2011-2018 and a maximum of 81.39 % in the year 2015-2016 and a minimum of 79.21% in the year 2012-2013. Within this ratio, we found a mixed pattern. This ratio increased until 2015-2016 and then decreased in 2017-2018 and then again increased. It indicates that the bank lends capital to its creditor and generates annual interest income in a ratio roughly the same. This will be nice for the Bank.

The average of other income to total income is 19.49± 0.67 for period 2011-2018 and a maximum of 20.79 in the year 2016-2017 and a minimum of 18.61 in the year 2015-2016. The other income is lower than the interest income, and the bank's total income is steadily increasing per year. It suggests that the capability of banks to raise money from other sources rather than Interest is growing.

4.2. *The relative data with %age change in growth in net profit, growth in total income, growth in total expenditure and growth in total deposits*

The data are listed in (Table 1) with a Mean ± SD: we have seen that the average growth in net profit is10.32±10.15 for operating period 2011-2018 and a maximum of 22.09 in the year 2012-2013 and minimum (-92.5) in the year 2017-2018. It shows that in the year 2017-2018 and 2016-2017, the annual profit growth rate decreased every year and even fell considerably to negative (below zero). This means that the bank is headed for failure.

The average growth in total income is11.21±8.20 for the operating period 2011-2018 and a maximum of 23.05 in the year 2012-2013 and a minimum of 0.91 in the year 2017-2018. It reflects the resulting reduction in the growth of total income in every subsequent year. The total income of Bank is decreasing the growth capacity per annum; it signifies neither the good efficacy nor the excellent status of the bank.

Generally, total expenditure did mainly for staff development, expenditure on Interest, and some other overheads. The average total expense is13.85±8.64 for operating period 2011-2018 and a maximum of 24.73 in the year 2016-2017 and a minimum of 7.45 in 2017-2018. This shows that the axis bank's annual expenditure is not consistent (mixed pattern of rising and decreasing) and that bank can control expenditure.

The average total advances are 14.78±7.55 for the operating period 2011-2018; further progress in advance is not consistent and leads to a decline in the year 2017-2018; however, total advances are a maximum of 22.17 the year 2014-2015 and minimum in the year 2011-2012. The average of total deposits is11.0±5.39 for the operating period of 2011-2018 and significantly decreased in 2017-2018. Moreover, in the year 2016-2017, total deposits are a record of 15.76. Since the %age growth in average total deposit is less than average total advances. It indicates that the Bank grants more loan than deposits it has, i.e., why the credit deposit ratio has risen every year. It is not a good sign for Bank and reflects poorly controlled team abilities.

4.3. T*he comparative data with %age change in net profit margin, net worth ratio, total assets turnover ratio, dividend pay-out ratio, debt-equity ratio, and interest expended to Interest earned ratio:*

The data are listed in (Table 1) with a Mean ± SD: We have seen that the average net profit margin is12.47%±6.38 for the operating period 2011-2018, a maximum of 16.78% for 2014-2015 and a significant reduction of 6.54% for 2016-2017 and 0.49% for 2017-2018. It reflects its lower operating efficiency by higher expenses. The bank needs to cut in future expenses.

The average net worth ratio (Return on Shareholder Investment) is12.78±6.65 (for operating period 2011-2018), a high of 18.60% for the year 2011-2012, and is reduced to 6.6% for the year 2016-2017 and 0.44% for the year 2017-2018. This reduced net worth ratio reflects the Bank has not adequately exploited its capital. Bank cannot refund the sum to its stakeholder, which may result in the Bank's stakeholders losing confidence. Bank is unable to handle the return, declining annually and dropping to 0.44 % for 2017-2018. This means that if the bank continues to invest, it will not have sufficient money to run business.

The total assets turnover ratio indicates the bank's efficiency in using all of its assets (current and fixed). The average total assets turnover ratio is 9.44±0.58 for the operating period 2011-2018, a maximum of 9.93 for the year 2013-2014, and a minimum of 8.21 for 2017-2018. This continuously decreasing total assets turnover ratio shows the axis bank's lower efficiency in managing its assets (reduced utilization of its fixed assets).

The dividend pay-out ratio represents the %age of dividend profits paid to shareholders. The average dividend pay-out ratio is15.33± 9.39 for the operating period 2011-2018, a maximum of 32.47 in 2016-2017, and a minimum (as zero) in the year 2017-2018. The Bank is disbursing out fewer dividends and retaining more cash into the business for future growth in earnings. As there is no dividend paid out in 2017-2018, this suggests bank's unsafe condition as it affects the company's stock price down and represents poorly handled team capabilities.

The debt-to- equity ratio shows precisely how much debt is used by a bank. For a specific bank it is an indication of a possible financial risk. The average debt-equity ratio is7.59±0.94 for the operating period 2011-2018, a maximum of 9.65 for the year 2011-2012, and a minimum of 6.73 for 2015-2016. The continuously decreased debt-to-equity ratio decreases the possibility of financial risk. The Bank uses to fund low debt. It's suitable for the Bank because it reduces leverages and additional risk to bank.

Interest expended to Interest earned ratio (%)- the average of Interest expended to Interest earned ratio is60.93±2.20 for the operating period 2011-2018, and it is a maximum of 64.44 in the year 2012-2013 and minimum 59.33 in the year 2012-2013 in the year 2017-2018. The Interest expended to Interest earned ratio indicates Bank is not capable of making sufficient Interest and charging Interest to its borrower. The ratio showed a mixed pattern as the bank is able to control the expenses from 2012-2013 to 2015-2016. In 2016-2017, however, the Interest expended to Interest earned ratio rose and then decreased again. It means that expenses are often higher than the profits the bank received.

Table 1: Performing assets of Axis bank operating 2011-2018

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Mean ± SD
Credit deposit ratio(%)	77.13	77.97	81.89	87.17	94.64	90.03	96.92	86.53±7.84
Interest expenses to total expenses (%)	60.32	61.34	58.72	58.25	57.33	50.33	48.1	56.34±5.08
Interest expended to Interest earned ratio	63.55	64.44	61	59.91	58.93	59.38	59.33	60.93±2.20
Interest income to total income (%)	80.23	80.58	80.54	80.92	81.39	79.21	80.67	80.50±0.67
Other income to total income (%)	19.77	19.42	19.46	19.08	18.61	20.79	19.33	19.49± 0.67
Growth in net profit (%)	_	22.09	20.06	18.33	11.78	-55.27	-92.5	10.32±10.15
Growth in total income (%)	_	23.05	12.78	15.24	14.86	11.66	0.91	11.21±8.20
Growth in total expenditure (%)	_	23.22	11.47	14.632	15.49	24.73	7.45	13.85±8.64
Growth in total advances (%)	_	16.03	16.81	22.17	20.52	10.12	17.85	14.78±7.55
Growth in total deposits (%)	_	14.77	11.22	14.77	11.02	15.76	9.47	11.0±5.39
Net Profit ratio (%)	15.47	15.35	16.34	16.78	16.33	6.54	0.49	12.47±6.38
Net Worth Ratio (Return on Shareholder's Investment) (%)	18.6	15.64	16.27	16.47	15.47	6.6	0.44	12.78±6.65
Total Assets Turnover ratio (%)	9.6	9.91	9.93	9.5	9.59	9.35	8.21	9.44±0.58
Dividend Pay-Out ratio (%)	15.54	15.04	15.09	14.75	14.46	32.47	NIL	15.33± 9.39
Debt-Equity ratio (%)	9.65	7.63	7.35	7.22	6.73	7.43	7.15	7.59±0.94
Interest expended to Interest earned ratio (%)	63.55	64.44	61	59.91	58.93	59.38	59.33	60.93±2.20

Non-Performing assets

4.4. The relative data with a %age change in the Gross NPAs / Gross Advances ratio and Gross NPAs/ Total Assets ratio

The data are listed in (Table 2) with a Mean ± SD: we have seen that the We have seen that the average Gross NPAs/Gross advances ratio is 2.84±2.58 for the operating period 2011-2018, and it is a maximum of 7.49 in the year 2017-2018 and a minimum of 1.06 in the year 2011-2012. The average Gross NPAs/ Total Assets ratio is1.81±1.71 for the operating period 2011-2018, and it is a maximum of 7.49 in the year 2017-2018 and a minimum of 0.63 in the year 2011-2012. The continuously increasing Gross NPAs indicate that poor asset quality and axis bank needs more attention to manage the amount of Gross NPAs.

4.5. The relative data with a %age change in Net NPAs / Net Advances ratio and Net NPAs/ Total Assets ratio

The data are listed in (Table 2) with a Mean ± SD. We observed that the average of Net NPAs/Net advances ratio is1.20±1.33 for the operating period 2011-2018, a maximum of 3.77 for 2017-2018, and a minimum of 0.28 for 2011-2012. The average of Net NPAs/ Total assets ratio is0.75±0.84 for operating period 2011-2018 and a maximum of 2.4 for 2017-2018 and a minimum of 0.17 for 2011-2012. The continuously increasing Net NPAs suggest that axis bank should provide proper responsiveness to manage these NPAs. As Net NPAs shows the actual burden of banks, it is determined by deducting the provisions regarding Net NPAs from Gross NPAs. Therefore growing Net NPAs is not appropriate for the Bank.

4.6. The comparative data with the %age change in Total Provision ratio and Shareholder's risk ratio

The data are listed in (Table 2) with a Mean ± S.D. We have seen that the average total provision ratio is62.58±8.13 for the operating period 2011-2018, and it is a maximum of 73.31in the year 2011-2012 and a minimum of 50.68 in the year 2017-2018. However, the average shareholder's risk ratio is 8.02±9.30 for the operating period 2011-2018, and it is a maximum of 26.15 in the year 2017-2018 and a minimum of 2.07 in the year 2011-2012. As with R.B.I.'s guidelines, all banks must make provision against NPAs so that Net NPAs come to zero; this ensures the arrangements must be made at 100 %. All banks have to make more than adequate provisions for their Gross NPAs. Therefore, continuous decrease in the overall provision ratio and an improvement in the shareholder risk ratio suggest that axis bank is struggling to boost the provision to handle its gross NPAs. Somehow Bank has to take a major step to manage NPAs in the competitive market as it affects the valuation of the shares and good will.

4.7. The correlation relationship between Gross N.P.A., Net N.P.A., and Net profit among S.B.I. and ICICI for operating period for 2011-2018

The data are listed in (Table 2) with a Mean ± S.D. We have seen that the correlation between Gross NPA and Net Profit [r (5) = -0.80; P= 0.05] is significantly negative (Figure 1) and correlation between Net NPA and Net Profit [r (5) = -0.81; P= 0.05] is also significantly negative (Figure 2). This means that the effect of both Gross NPAs and Net NPAs rises is adversely affecting the bank's Net Profit.

Figure 1

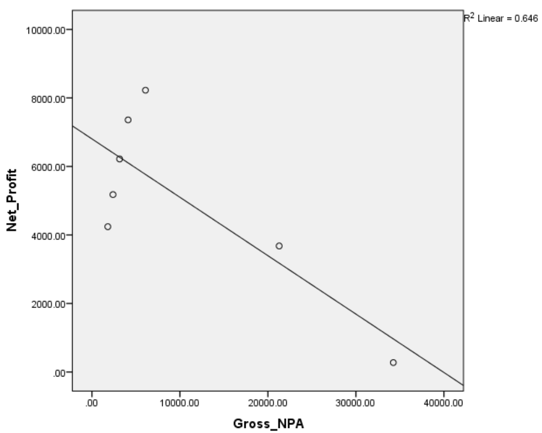

Figure 2

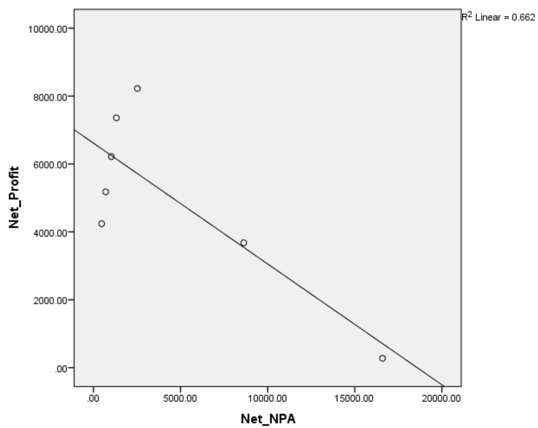

Figure 1&2: Negative correlation between (Net _profit and Gross_NPA) and (Net _profit and Net_NPA).

4.8. The relative data with a %age change in the ratio of Sector-Wise Advances and Sector-Wise NPAs for both Priority and Non- Priority sector.

The data are shown in (Table 2) (Figure 3) with a Mean ± S.D. Among sector-wise advances (such as Priority sector, public sector bank, others, and total advances), the average 51.86±1.68 (for priority sector), 1.39±0.46 (for the public sector), 0.20±0.23 (for Bank) and 58.55±3.17 (for other sector) during the operating period 2011-2018.

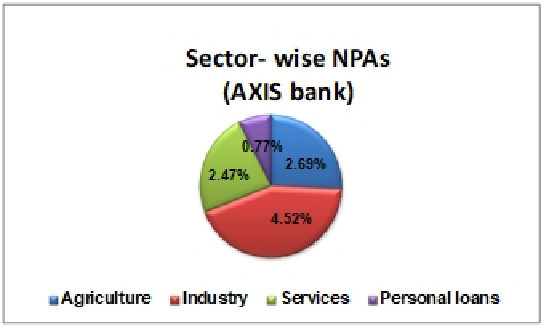

Figure 3: Sector- wise NPAs for the AXIS bank operating 2011-2018

Table 2: Non- performing assets of Axis bank operating 2011-2018

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Mean ± SD
Gross NPAs / Gross Advances Ratio (%)	1.06	1.2	1.36	1.45	1.78	5.52	7.49	2.84±2.58
Gross NPAs/ Total Assets Ratio (%)	0.63	0.7	0.82	0.89	1.16	3.54	4.95	1.81±1.71
NET NPAs / NET Advances Ratio (%)	0.28	0.36	0.45	0.47	0.74	2.31	3.77	1.20±1.33
NET NPAs/ Total Assets Ratio (%)	0.17	0.21	0.27	0.29	0.48	1.43	2.4	0.75±0.84
Total Provision Ratio (%)	73.31	69.2	66.31	65.5	55.73	57.36	50.68	62.58±8.13
Shareholder's Risk Ratio (%)	2.07	2.13	2.68	2.95	4.74	15.47	26.15	8.02±9.30
Sector-Wise Advances and NPAs								
[Priority sector (A) / Total advances (T)] X 100	28.56	24.62	27.28	24.82	24.09	25.16	22.43	51.86±1.68
[Public sector (B) / Total advances (T)] X 100	1.91	1.99	1.64	1.27	1.05	0.78	1.1	1.39±0.46
[Bank (C)/ Total advances (T)] X 100	0.2	0.02	0.09	0.09	0.11	0.19	0.73	0.20±0.23
[Others(D) / Total advances (T)] X 100	54.42	58.07	55.46	57.52	59.98	60.95	63.51	58.55±3.17
Agriculture (%)	2.33	2.36	2.29	2.26	2.44	3.25	3.93	2.69±0.64
Industry (%)	0.75	1.09	1.17	1.65	2.22	9.61	15.2	4.52 ±5.63
Services (%)	0.96	1.6	2.27	1.7	2.04	4.9	3.85	2.47±1.39
Personal loans (%)	0.81	0.64	0.61	0.61	0.69	0.89	1.17	0.77±0.20

4.9. The relative data with a change in Restructured of Assets Classification for total assets (including Standard assets, Sub-standard assets, Doubtful assets, Loss assets*)*

The relative data are shown in (Table 3) with a Mean ± S.D. We observed that the number of borrowers (of total assets), amount outstanding, and provision thereon (of total assets) is not consistent for 2011-2018. During this operating period 2011-2018, the average no. of borrowers (of total assets) is1141.71 ± 597.47, the average amount outstanding is7138.90 ± 3274.01, and the average of provision thereon (of total assets) is244.72 ± 127.65. It indicates that the number of borrowers is not consistent and that the provision thereon is consistently lower than the outstanding amount, meaning that Bank cannot follow up the R.B.I. Guideline. It leads to a continuous rise in doubtful assets and loss assets that reflect poor credit management and inadequate follow-up measures, which raises NPAs and increase the pressure on their overall efficiency and productivity.

AXIS bank, therefore, had to meet the R.B.I. Requirements to reduce NPAs.

Table 3: Restructured of Assets Classification (in Millions, except number of account)

Year	Standard assets	Sub-standard assets	Doubtful assets	Loss assets	Total
2011-2012					
No. of Borrowers	102	------	------	------	102
Amount outstanding	1300.28	------	------	------	1300.28
Provision thereon	150.17	------	------	------	150.17
2012-2013					
No. of Borrowers	1,349	96	20	27	1,492
Amount outstanding	4,367.51	103.11	97.26	133.58	4,701.46
Provision thereon	282	10.74	3.22	------	295.96
2013-2014					
No. of Borrowers	1,648	61	87	38	1,834
Amount outstanding	7,020.47	14.33	169.29	187.8	7,391.89
Provision thereon	430.33	0.57	18.46	---	449.36
2014-2015					
No. of Borrowers	1,384	12	194	87	1,677
Amount outstanding	9,209.24	21.56	464.6	430.31	10,125.71
Provision thereon	331.11	1.22	15.41		347.74
2015-2016					
No. of Borrowers	858	1	291	37	1,187
Amount outstanding	8,733.42	0.04	1,386.61	166.36	10,286.43
Provision thereon	184.01	------	44.3	------	228.31
2016-2017					
No. of Borrowers	365	3	389	100	857
Amount outstanding	5,622.02	417.74	2,274.85	1,111.96	9,426.57
Provision thereon	75.81	22.03	59.69	------	157.53
2017-2018					
No. of Borrowers	523	18	209	93	843
Amount outstanding	1,185.13	4.55	5,273.75	276.55	6,739.98
Provision thereon	18.63	------	65.34	------	83.97
Mean ± SD (2011-2018)					
No. of Borrowers	1141.71 ± 597.47				
Amount outstanding	7138.90 ± 3274.01				
Provision thereon	244.72 ± 127.65				

Discussion

As we observed, in the AXIS bank, the credit deposit ratio is rising, and the Bank's net income decreases. The Bank can reduce its expenses as the debt-equity ratio drops each subsequent year. When the Bank is not raising funds from outside, it must control the Interest they received each year and manage the business from its capital and reserve. However, handling the funds internally rather than externally is easier. From the dividend pay-out ratio in this report, it can be seen that Axis bank is continuously paying out the dividend, and this ratio is maximum in 2016-17. The dividend retention decision is right for the rising Bank, but it is risky for the holder of the dividend again. In this study, we also observed that expenditure growth for the Axis bank is decreasing per year, suggesting the successful management of its funds.

The previous study compared Axis bank with ICICI bank during 2012-13 to 2016-17 and found that Axis bank performed well and financially sounder than ICICI Bank. ICICI Bank increased management performance compared to Axis bank from the deposit and expenditure perspective. . A study conducted by B.O.B. and Axis Bank to evaluate financial results for 2013 to 2018 and found that Axis Bank is highly management proficient as compared to B.O.B., while B.O.B. is found to have a better asset quality and earning ratio . For another report, AXIS bank has a higher debt over B.O.B. during the year 2013-2017. However, the correlation between Net NPAs and Net Profit isnegative for B.O.B., indicating that lower liabilities and increases in Net NPAs harm Net Profit. Still, for Axis bank, the correlation between Net NPAs and Net Profit is positive, indicating that banks have higher debts despite increasing their Net Profit . Using the CAMELS study and t-test, it is concluded that there is no considerable difference in financial performance between the Axis bank and the Kotak Mahindra bank. Still, the Kotak Mahindra bank's performance is marginally lower than that of Axis Bank . A summary of Axis Bank and Yes Bank from the five-year balance sheet (2014 to 2018), using a ratio measure, and a/c profit and loss. It is clear that the YES bank has a steadily decreasing working capital turnover ratio; on the other hand, AXIS bank has a steadily growing working capital turnover ratio . A report conducted by Axis Bank and fundamental and technical indicators for the five years from April-2012 to March-2017 indicates that Axis Bank is fundamentally and technically powerful. Investors can opt to invest in this.

However, there is a lack of this study to combine the performing assets and non-performing assets to evaluate Axis bank results. We have, therefore, measured the growth of the Axis bank based on both performing assets and non-performing assets with their consecutive financial year, i.e., 2011 to 2018. A reasonable study of NPAs between HDFC Bank, ICICI Bank, and Axis bank concluded that the NPAs pattern in this private sector leads and suggests to reduce it . We have observed that in the Axis bank, the overall provision ratio is continuously decreasing, and doubtful assets and loss assets are increasing every year. That heightens the Bank's NPAs pressure. As of March 2018, the Gross NPA and Net NPA rates of the Axis bank rose to 6.77 % and 3.40 %, respectively, from 5.28% and 2.56 % in December 2017. The Bank recognized the loss of'16,536 crores in the 2018 quarterly forwarding year . This deficit is continuous in 2019 and 2020, along with a further forwarding year . Gross NPAs are focused mainly on loans, and Net N.P.A.'s provisioning factor allowed loan losses.

The continuously rising NPAs suggest that more effort is required from the axis bank to control the amount of NPAs. Banking is a tough business, mainly when a bank is depositing growth that overtakes its growth advances. Axis bank — one of India's leading private lenders has now begun to tackle this issue. At the finish of 2020, Axis Bank had a net loss of 1.388 crores, and the overall provisions of the bank rose 18 % to around 7.730 crores. To continue that conservatism in its provisioning, Axis Bank must, therefore, modify its internal strategies. One such integrated solution is 1. Measures are taken with care, 2. Introduction of prudential principles, R.B.I. Guidelines and Policy for Recovery 3. Improving tolerance Bank power would allow the bank to manage NPAs and meet target.

Limitation:

The research is confined to the seven-year duration alone, and this does not provide the exact findings. The analysis is based on secondary data, and therefore on its inherent limitations.

Conclusion

We concluded that NPAs continue to accumulate despite having some decent performing assets, which is not a worthy signal for Axis Bank growth. This specifies that the Bank lacks a wilful default, an inadequate system of internal control, and a delayed supervisory inspection mechanism. Consequently, frequent monitoring of the quality of the loans is necessary to ensure a satisfactory financial system and provide an early warning to Axis banking system regulatory authorities. While the banking sector continues to work under stress, Axis Bank needs to adjust its internal guidelines to better operational metrics.

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