

Non-performing assets of central Cooperative Banks in Haryana

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ABSTRACT

An asset becomes non-performing when it ceases to generate income for a financial institution. A non-performing asset does not yield any return but it incurs a cost by eating into earnings made by banks. The origin of the problem of increasing non-performing assets lies in the quality of managing credit risk by the banks concerned. The present treatise is an attempt to study the non-performing assets position in Central Cooperative Banks (CCBs) in Haryana. Non-performing assets are caused as a result of various internal and external factors. What is needed is having adequate preventive measures in place namely, fixing pre-sanctioning appraisal responsibility and having an effective post-disbursement supervision. Banks concerned should continuously monitor loans to identify accounts that have potential to become non-performing.

INTRODUCTION

It's a known fact that the banks and financial institutions in India face the problem of swelling non-performing assets (NPAs) and the issue is becoming more and more unmanageable. In order to bring the situation under control, some steps have been taken recently. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 was passed by Parliament, which is an important step towards elimination or reduction of NPAs. The origin of the problem of burgeoning NPAs lies in the quality of managing credit risk by the banks concerned. However, increasing NPAs have a direct impact on banks profitability as legally banks are not allowed to book income on such accounts and at the same time banks are forced to make provision on such assets as per the Reserve Bank of India (RBI) guidelines. Also, with increasing deposits made by the public in the banking system, the banking industry cannot afford defaults by borrowers since NPAs affects the repayment capacity of banks. Further, Reserve Bank of India (RBI) successfully creates excess liquidity in the system through various rate cuts and banks fail to utilize this benefit to its advantage due to the fear of burgeoning non-performing assets.

DEFINITION OF NON-PERFORMING ASSETS

As per Reserve Bank of India's Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 2005, "Non-performing asset is an asset, including a leased asset, that becomes non-performing when it ceases to generate income for the bank. A non-performing asset (NPA) is a loan or an advance where;

1. Interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
2. The account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC),
3. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
4. A loan granted for short duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons.
5. A loan granted for long duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for one crop season.

Banks should, classify an account as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Earlier 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 instead of 90 days.

'Out of Order' status

An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

'Overdue'

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

CREDIT RISK AND NON-PERFORMING ASSETS

Quite often credit risk management (CRM) is confused with managing non-performing assets (NPAs). However there is an appreciable difference between the two. NPAs are a result of past action whose effects are realized in the present i.e they represent credit risk that has already materialized and default has already taken place.

On the other hand managing credit risk is a much more

forward-looking approach and is mainly concerned with managing the quality of credit portfolio before default takes place. In other words, an attempt is made to avoid possible default by properly managing credit risk.

Considering the current global recession and unreliable information in financial statements, there is high credit risk in the banking and lending business.

To create a defense against such uncertainty, bankers are expected to develop an effective internal credit risk models for the purpose of credit risk management.

INCOME RECOGNITION (INTEREST INCOME ON NON-PERFORMING ASSETS)

Banks recognize income including interest income on advances on accrual basis. That is, income is accounted for as and when it is earned. The prima-facie condition for accrual of income is that it should not be unreasonable to expect its ultimate collection. However, NPAs involves significant uncertainty with respect to its ultimate collection. Considering this fact, in accordance with the guidelines for income recognition issued by the Reserve Bank of India (RBI), banks should not recognize interest income on such NPAs until it is actually realized.

CLASSIFICATION OF BANK ADVANCES

Reserve Bank of India (RBI) has issued guidelines on provisioning requirement with respect to bank advances. In terms of these guidelines, bank advances are mainly classified into:

Standard Assets: Such an asset is not a non-performing asset. In other words, it carries not more than normal risk attached to the business.

Sub-standard Assets: It is an asset which remains non-performing for a period not exceeding 12 months with effect from 31st March 2005.

Doubtful Assets: Asset that has remained NPA for a period exceeding 18 months is a doubtful asset.

Loss Assets: Here loss is identified by the banks concerned or by internal auditors or by external auditors or by Reserve Bank India (RBI) inspection.

In terms of RBI guidelines, as and when an asset becomes a NPA, such advances would be first classified as a sub-standard one for a period that should not exceed 12 months and subsequently as doubtful assets. It should be noted that the above classification is only for the purpose of computing the amount of provision that should be made with respect to bank advances and certainly not for the purpose of presentation of advances in the banks balance sheet. The Third Schedule to the Banking Regulation Act, 1949, solely governs presentation of advances in the balance sheet.

Banks have started issuing notices under the Securitisation Act, 2002 directing the defaulter to either pay back the dues to the bank or else give the possession of the secured assets mentioned in the notice. However, there is a potential threat to recovery if there is substantial erosion in the value of security given by the borrower or if borrower has committed fraud. Under such a situation it will be prudent to directly classify the advance as a doubtful or loss asset, as appropriate.

PROVISIONING REQUIREMENT OF BANK ADVANCES

As and when an asset is classified as an NPA, the bank has to further sub-classify it into sub-standard, loss and doubtful assets. Based on this classification, bank makes the necessary provision against these assets. Reserve Bank of India (RBI) has issued guidelines on provisioning requirements of bank advances where the recovery is doubtful. Banks are also required to comply with such guidelines in making adequate provision to the satisfaction of its auditors before declaring any dividends on its shares. In case of loss assets, guidelines specifically require that full provision for the amount outstanding should be made by the concerned bank. This is justified on the grounds that such an asset is considered uncollectible and cannot be classified as bankable asset.

Also in case of doubtful assets, guidelines requires the bank concerned to provide entirely the unsecured portion and in case of secured portion an additional provision of 20%-100% (with effect from 31st March 2005) of the secured portion should be made depending upon the period for which the advance has been considered as doubtful. For instance, for NPAs, which are up to 1-year old, provision, should be made of 20% of secured portion, in case of 1-3 year old NPAs up to 30% of the secured portion and finally in case of more than 3-year-old NPAs up to 100% of secured portion should be made by the concerned bank. In case of a sub-standard asset, a general provision of 10% of total outstanding should be made. Reserve Bank Of India (RBI) has merely laid down the minimum provisioning requirement that should be complied with by the concerned bank on a mandatory basis. However, where there is a substantial uncertainty to recovery, higher provisioning should be made by the bank concerned. All advances classified as 'doubtful for more than three years' of State and District Central Co-operative Banks, the provisioning requirement would be as under:

(a) Unsecured portion: For portion of the advance, which is not covered by the realisable value of tangible security to which the bank has a valid recourse and the realisable value is estimated on a realistic basis, provision will be to the extent of 100 per cent as hitherto.

(b) Secured portion:

Period for which the advance has remained in 'doubtful' category	Provision requirement on secured portion
(i) <i>outstanding stock of NPAs classified as doubtful for more than three years as on March 31, 2007</i>	60 per cent as on March 31, 2008 75 per cent as on March 31, 2009 100 per cent as on March 31, 2010
(ii) <i>advances classified as 'doubtful more than three years' on or after April 1, 2007</i>	100 per cent

COMPONENTS OF NON-PERFORMING ASSETS:

NPAs have two components: the overhang component and the incremental component (Jalan, 2002, Munniappan, 2002). The overhang component arises due to infirmities in structural and institutional environment while the increment component arises from factors internal to banks' management and credit culture. At the international level, several studies have identified a range of factors influencing NPAs of banks. Some have argued that the problem of NPAs could be due to plain bad luck attributing to business cycle, and unanticipated shocks such as business failures of producing firms, and disruption of activities due to various calamities. Another viewpoint is that the problem of NPAs may be due to bad management by banks (Caprio, and Klingebiel, 2000). The various studies have underscored the role of banks' lending policy in general and the 'terms of credit' defined over, *inter alia*, cost, maturity, and collateral in influencing the movement of banks non-performing loans (Reddy, 2004, Mohan, 2003, Sergio, 1996, McGoven, 1993, Christine, 1995, Bloem and Gortler 2001). Rajaraman and Vasishtha (2002) in an empirical study provided evidence of significant bivariate relationship between operating inefficiency indicator and problem loans of India's public sector banks. Das and Ghosh (2003) made an empirical analysis of non-performing loans of India's public sector banks relating to various indicators such as asset size, credit growth and macroeconomic condition, and operating efficiency indicators.

OBJECTIVES OF THE STUDY

The objectives of the present study are:

- 1) To study the position of Non Performing Assets (NPAs) of Central Cooperative Banks in Haryana.
- 2) To identify the reasons for mounting NPAs of Central Cooperative Banks in Haryana.
- 3) To make suggestions for improvement of recovery of Central Cooperative Banks in Haryana.

RESEARCH METHODOLOGY

The present study is an attempt to study the NPAs position in Central Cooperative Banks (CCBs) in Haryana. The study covers all Central Cooperative Banks operating in Haryana. These CCBs are: Ambala Central Cooperative Bank, Bhiwani Central Cooperative Bank, Faridabad Central Cooperative

Bank, Fatehabad Central Cooperative Bank, Gurgaon Central Cooperative Bank, Hisar Central Cooperative Bank, Jhajjar Central Cooperative Bank, Jind Central Cooperative Bank, Karnal Central Cooperative Bank, Kaithal Central Cooperative Bank, Kurukshetra Central Cooperative Bank, Mahendergarh Central Cooperative Bank, Panipat Central Cooperative Bank, Panchkula Central Cooperative Bank, Rewari Central Cooperative Bank, Rohtak Central Cooperative Bank, Sirsa Central Cooperative Bank, Sonapat Central Cooperative Bank, and Yamunanagar Central Cooperative Bank. However, for the purpose of better analysis in the present study, data relating to Fatehabad Central Cooperative Bank and Jhajjar Central Cooperative Bank is clubbed with their parent bank i.e. Hisar Central Cooperative Bank and Rohtak Central Cooperative Bank respectively as they have started their operations during 2001-02 only.

The research covers the loan portfolio of these Central Cooperative Banks (CCBs) over a period of 5 years viz. 1998-99 to 2002-2003. Following tools are used to analyze the data in the study:

- * Compound growth rate
- * Exponential growth rate
- * Ratio of recovery to total demand
- * Coefficient of concentration

Co-efficient of concentration:

In order to assess the concentration of any variable in a few channels, the coefficient of concentration has been used:

$$X = \frac{1}{2} \sum |P_i - P|$$

Where:

x = coefficient of concentration which varies from '0' to '100'.

$$P = \frac{100}{\text{Number of channels in which a variable can be put.}}$$

P_i = The percentage share of *i*th channel in the total value of the variable.

If the coefficient of concentration is 100, it implies 100 percent concentration of the variable in one channel only. On the contrary, if its value is '0' it means there is no concentration.

NON-PERFORMING ASSETS (NPAs) OF ALL CENTRAL COOPERATIVE BANKS IN HARYANA

The quality and performance of advances have a direct bearing on the profitability and viability of banks. A non-performing asset in the banking sector may be termed as an asset not contributing to the income of the bank. In other words, it is a zero-yielding asset. While several measures have been undertaken towards preventing the accumulation of non-performing loans, in the absence of creditor rights, the problem has persisted, despite the

credit appraisal and disbursement mechanism in place. The prudential norms of income recognition, asset-classification and provisioning have been made applicable to the State Cooperative Banks and Central Cooperative Banks from the year 1996-97 and are being made applicable to State Land Development Banks from 1997-98. These norms will bring in more transparency in the balance sheets of these banks.

Table 1 portrays the position of NPAs and their classification and provisioning over the period of five years of CCBs in Haryana. As can be observed from the table, percentage of NPA to loans and advances is having declining trend, but during the year 2002-03 it increases due to drought. At the end of March 1999, total loan and advances outstanding were Rs. 166986.86 lakh, which rose to Rs. 352894.19 lakh at the end of March 2003, indicating exponential growth of 22.8% whereas NPAs shows less exponential growth during the study period as compare to loans i.e. 17.43% which is a good sign as advances are growing at a faster rate as compared to NPAs. Table also depicts the provisions made by Central Cooperative Banks as against the requirement of making provisions as per RBI Guidelines. Central Cooperative Banks of Haryana, taken together, have been making more provisions for NPAs as was required by prudential norms. The percentage of NPAs to total loans and advances was maximum at the end of March 2000 (6.01%) and minimum at the end of March 2002 (4.30%)

BANKWISE BREAK UP OF NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS IN HARYANA

After evaluating the position of all Central Cooperative Banks operating in Haryana in terms of Non Performing Assets. The paper further evaluates the position of each Central Cooperative Bank of Haryana. Table 2-18 depicts bank wise analysis of Non Performing Assets of Central Cooperative Banks.

Table 2 exhibits NPAs position of Ambala Central Cooperative Bank in relation to total loans and advances outstanding. The total loans and advances outstanding of Ambala Central Cooperative Bank showed higher exponential growth rate than that of total NPAs. The percentage of NPAs to total loans and advances ranged 0.80 % - 1.50 %. The percentage of NPAs to total loans and advances has been showing decline trend during the period covered by the study, which is good sign for the bank. At the end of March 2000, Ambala Central Cooperative Bank did not show any loss asset.

A perusal of NPAs of Bhiwani Cooperative Bank, as shown in Table 3, reveals that the percentage of NPAs to total loans and advances ranged 7 % - 13 %. The percentage of NPAs to total loans and advances has been high as compared to other Central Cooperative Banks operating in Haryana. Although NPAs has been showing less exponential growth (15.54 %) as compared to exponential growth of total loans

and advances (22.04 %), the percentage of NPAs to total loans and advances has been high as compared to other Central Cooperative Banks operating in Haryana. The percentage of NPAs to total loans and advances has been showing decline trend during the period covered by the study except in 2002-2003. A peculiar point to note here is that Bhiwani Cooperative Bank has been making provisions just equal to the requirements as given in RBI Guidelines. At the end of March 2003, assets were classified in Standard, Sub-Standard, Doubtful (unsecured only) and loss assets.

Table 4 presents the position of NPAs of Faridabad Central Cooperative Bank. During 1998-99 and 1999-00, NPAs were stagnant at same level. The exponential growth of NPAs over 1998-99 was high as compared to that of total loans and advances. The percentage of NPAs to total loans and advances ranged 1 % - 5 % and this percentage has been showing rising trend during the period covered by the study. The practice of making provisions has been same as that of Bhiwani Central Cooperative Bank i.e. Bank has been making provisions just equal to the requirements as given in RBI Guidelines.

Table 5 exhibits the total loans and advances outstanding, their classification and position of NPAs in terms of provisions required, provisions made and percentage of NPAs to total loans and advances of Gurgaon Central Cooperative Bank over the period of five years, 1998-99 to 2002-03. During initial years percentage of NPAs was very high but in 2004 a significant decline was recorded i.e. 26.27 %. The loans and advances has been showing more annual growth rate during the study period except in 2002-03. The exponential growth of loans and advances over 1998-99 is higher as compared to exponential growth of NPAs. Provisions made by Gurgaon Central Cooperative Bank was equal to requirements of RBI in 1998-99 and 1999-2000, but afterwards, it has been making more provisions than required. The percentage of NPAs to total loans and advances has been showing decline trend during the study period except in 2002-03.

Hisar Central Cooperative Bank has been showing decline trend of percentage of NPAs to total loans and advances during the study period, as shown in Table 6. The exponential growth of loans and advances (22.35 %) is lower than the exponential growth rate of NPAs (34.35 %). Provisions made by Hisar Central Cooperative Bank shows maximum exponential growth rate as compared to exponential growth rate loans and advances and NPAs. Except in 1998-99 and 2002-03 (in which provisions made by the bank were equal to required amount) provisions made by bank was more than what it is required to be made. Bank has been showing doubtful assets only of secured kind. At the end of March 1999, bank showed Rs. 1084.69 lakhs of NPAs, which rose to Rs. 3806.69 lakh at the end of March 2003, i.e. more than three fold rise. This is a alarming situation for bank.

Table 7 reveals lower exponential growth of NPAs as

compared to exponential growth rate of loans and advances of Jind Central Cooperative Bank. The maximum exponential growth over 1998-99 is in case of provision made (25.83%) followed by loans and advances (23.25 %) and NPAs (11.92%). NPAs, in absolute as well as in relation to loans and advances has been showing fluctuating trend. The percentage of NPAs to total loans and advances was maximum at the end of March 2000 and in subsequent years a significant decline was recorded and in same year percentage of NPAs to total loans and advances was minimum. The provision made by Jind Central Cooperative Bank has been approximately equal to the requirement of RBI norms.

Table 8 portrays the loan portfolio of Karnal Central Cooperative Bank. The percentage of NPAs to total loans and advances has been showing fluctuating trend, ranging 1% to 10% The maximum percentage of NPAs to total loans and advances was at the end of March 2001 and minimum at the end of March 2002. NPAs show exponential growth rate in negative figure, i.e. 13.84%. However loans and advances show exponential growth rate of 14.88%. The provision made by bank was equal to the requirement of RBI norms in 1998-99 and 1999-00. However, afterward bank has been making provision in excess of required amount.

Kaithal Central Cooperative Bank has been showing stagnant position of percentage of NPAs to total loans and advances ranging 2%-4%. NPAs show higher exponential growth than that of loans and advances. Bank has been making provision only up to the requirement of RBI during the study period except in 2002-03 in which almost double provision was made as compared to required. In absolute term, NPAs of Kaithal Central Cooperative Bank was same in initial two years of the study, but in 2000-01 significant rise was recorded. However at the end of March 2002, there was decline in NPAs (-8.42%) and in 2002-03 NPAs were maximum (Rs. 685.18).

Table 10 exhibits the total loans and advances outstanding, their classification and position of NPAs in terms of provisions required, provisions made and percentage of NPAs to total loans and advances of Kurukshetra Central Cooperative Bank. The percentage of NPAs to total loans and advances ranged 1% - 2%. The exponential growth rate of loans and advances (14.17%) over 1998-99 is more than exponential growth of NPAs (9.33%). Banks has been making provision up to the required amount as per RBI norms except in 2001-02 where provision made was more than required amount. Loss assets have been stagnant during the study period. In case of doubtful secured assets, bank has been showing loans, which were up to 1-year old (requires 20% provision).

Mahendergarh Central Cooperative Bank has been showing rising trend in percentage of NPAs to total loans and advances during the study period, and this is alarming situation for the bank. The exponential growth of NPAs over 1998-99 is very high in comparison of exponential growth of loans and advances. The provision made in 1998-99 was less

as compared to required provision. But except this year, bank has been making provision up to the required amount. Table 11 also reveals that NPAs in absolute term has been showing rising trend during the entire study period except in 2000-01.

Table 12 exhibits very high percentage of NPAs to total loans and advances in case of Panchkula Central Cooperative Bank ranging 10% - 16%. Banks has been showing rising trend till the end of March 2001, but in 2001-02 significant decline was recorded. The exponential growth rate of NPAs is less as compared to that of loans and advances due to significant rise in loans and advances in 2001-02 (133.76% annual growth). The NPAs were maximum in 2000-01 and minimum in 1998-99. The position of percentage of NPAs to total loans and advances was also same, i.e. highest in 2000-01 (15.40%) and lowest in 1998-99 (10.04%). Banks has been showing nil amounts in unsecured doubtful assets except during the last year of the study.

Table 13 indicates decline trend in percentage of NPAs to total loans and advances of Panipat Central Co-Operative Bank during the study period except in 2002-03. The percentage of NPAs to total loans and advances ranged 1%-5%. The loans and advances have been showing excess annual growth rate than the growth rate of NPAs during the entire study period except in last year. The exponential growth of loans and advances (27.98%) over 1998-99 is more than exponential growth of NPAs (18.70%). Bank has been making provision as required by RBI norms. Bank has included standard, sub-standard, doubtful (secured only) and loss assets in its loan portfolio. Although percentage of NPAs to total loans and advances of banks have reduced but in absolute terms, NPAs of banks has increased during the study period.

Rewari Central Cooperative Bank has been showing decline trend of percentage of NPAs to total loans and advances during the study period. As at the end of March 1999, percentage of NPAs to total loans and advances was 5.66% but it reduced to 2.84% at the end of March 2002 and again rose to 3.66% at the end of March 2003. The annual growth rate was a negative figure in 1999-00 and in 2001-02 in case of NPAs of bank. The exponential growth rate of loans and advances over 1998-99 is far above the exponential growth rate of NPAs. Loans and advances show exponential growth of 20.13% and NPAs shows growth of mere 4.6%. Bank has been making provision for amount up to the requirement of RBI norms. Banks has standard, sub-standard, doubtful secured (requiring provision @ 20% only) and loss assets in its loan portfolio. Loss assets were maximum at the end of March 2001 whereas in other years they ranged Rs. 14 lakh to Rs 19 lakh.

Table 15 portrays the loan portfolio of Rohtak Central Cooperative Bank including the loan portfolio of Jhajjar Central Cooperative Bank also. The percentage of NPAs to total loans and advances ranged 1% to 3.6%. The percentage of NPAs to total loans and advances after

showing rise trend in 1999-00 has been showing decline trend during the rest of the period covered by the study. Banks has not any loss assets in 2001-02 and 2002-03. NPAs show more exponential growth over 1998-99 than exponential growth of loans and advances. The exponential growth of loans and advances is 31.07% and of NPAs 14.38%. Bank has been making more provision a required by RBI norms. In absolute term, NPAs have shown significant rise in 1999-00, but afterwards have been reducing, which is beneficial for bank.

As can be observed from table 16, trend of NPAs in absolute term as well as in terms of percentage of NPAs to total loans and advances is U-shaped in case of Sirsa Central Cooperative Bank. Both have shown decline trend till the end of March 2001. But situation reversed afterwards as NPAs and percentage of NPAs to total loans and advances shows rising trend. The annual growth rate of loans and advances was more than the growth of NPAs in 1999-00 and 2000-01. However, in 2001-02 and 2002-03 growth rate of NPAs exceeds the growth rate of loan and advances. The exponential growth of loans and advances (19.87%) is more than as compared to exponential growth of NPAs (14.65%). During 1998-99 and 1999-00 bank has made less provision than required, but in 2000-01 and 2001-02 bank has increased the amount up to the level of requirement of RBI norms and in last year (2002-03) bank has made excess provision than required.

Sonepat Central Cooperative Bank has been showing fluctuating trend in percentage of NPAs to total loans and advances during the study period as it has been showing rising trend till 2000-01 but afterward it has been showing decline trend. Table 17 reveals that loan and advances shows far excess exponential growth over 1998-99 than exponential growth of NPAs, which is a negative figure. The exponential growth rate of loan and advances is 20.15% and of NPAs 0.50%. The data relating to loan portfolio of Sonepat Central Co-Operative reveals that bank has standard, sub-standard, doubtful (secured only) and loss assets in its portfolio. In absolute term, NPAs has shown rise trend, which is favorable situation for bank. Bank has been making excess provision than required.

Table 18 portrays the loan portfolio of Yamunanagar Central Cooperative Bank from 1998-99 to 2002-03. The percentage of NPAs to total loans and advances has been showing rising trend except in 2001-02. The exponential growth of NPAs is much more than that of loan and advances. The exponential growth of NPAs is 40.19% and of loans and advances is 17.43%. Bank has not made any provision for NPAs, which are required by RBI norms, in 1998-99, and 1999-00. But afterward, Bank has been making more provision than required. Amount. The annual growth rate of NPAs has been more than the exponential growth of loans during the study period except in 2002-03.

Table 19 exhibits the position of NPAs in terms of its percentage to total loans and advances of all Central

Cooperative Banks in Haryana individually as well as collectively at state level. The maximum percentage of NPAs to total loans and advances was recorded in 1999-00 (6.01%) and minimum in 2001-02 (4.30%). All Central Cooperative Banks, taken together has been showing decline trend except in 2002-03. The overall percentage of NPAs to total loans and advances is 5.07%. The banks indicating higher percentage of NPAs to total loans and advances than State level are Bhiwani Central Cooperative Bank, Gurgaon Central Cooperative Bank, Hisar Central Cooperative Bank, Jind Central Cooperative Bank and Panchkula Central Cooperative Bank.

Ambala Central Cooperative Bank, Faridabad Central Cooperative Bank, Karnal Central Cooperative Bank, Kaithal Central Cooperative Bank, Kurukshetra Central Cooperative Bank, Mahendergarh Central Cooperative Bank, Panipat Central Cooperative Bank, Rewari Central Cooperative Bank, Rohtak Central Cooperative Bank, Sirsa Central Cooperative Bank, Sonapat Central Cooperative Bank and Yamunanagar Central Cooperative Bank show lower percentage of NPAs to total loans and advances than State level. The maximum average percentage of NPAs to total loans and advances is of Panchkula Central Cooperative Bank (11.83%) followed by Bhiwani Central Cooperative Bank (10.29) and minimum pertains to Ambala Central Cooperative Bank (1.14%).

Table 20 portrays the comparison of exponential growth rate over 1998-99 of all Central Cooperative Banks in Haryana. All Central Cooperative Banks, taken together show maximum exponential growth in provision made (32.96%), followed by total loans and advances (22.72%). The NPAs shows lowest exponential growth rate, i.e. 17.43%. The banks indicating higher exponential growth in loans and advances than State level exponential growth are Rewari Central Cooperative Bank, Ambala Central Cooperative Bank, Faridabad Central Cooperative Bank, Gurgaon Central Cooperative Bank, Jind Central Cooperative Bank, Panipat Central Cooperative Bank and Rohtak Central Cooperative Bank. Whereas, Karnal Central Cooperative Bank, Bhiwani Central Cooperative Bank, Hisar Central Cooperative Bank, Kaithal Central Cooperative Bank, Kurukshetra Central Cooperative Bank, Mahendergarh Central Cooperative Bank, Panchkula Central Cooperative Bank, Sirsa Central Cooperative Bank, Sonapat Central Cooperative Bank and Yamunanagar Central Cooperative Bank show lower exponential growth in loans and advances than State level exponential growth. The maximum growth is of Rewari Central Cooperative Bank (33.04%) and minimum pertains to Karnal Central Cooperative Bank (11.30%).

The banks indicating higher exponential growth in NPAs than State level exponential growth are Bhiwani Central Cooperative Bank, Faridabad Central Cooperative Bank, Hisar Central Cooperative Bank, Mahendergarh Central Cooperative Bank, Rewari Central Cooperative Bank,

Rohtak Central Cooperative Bank and Yamunanagar Central Cooperative Bank. Whereas, Ambala Central Cooperative Bank, Gurgaon Central Cooperative Bank, Jind Central Cooperative Bank, Karnal Central Cooperative Bank, Kurukshetra Central Cooperative Bank, Panchkula Central Cooperative Bank, Panipat Central Cooperative Bank, Sirsa Central Cooperative Bank and Sonapat Central Cooperative Bank show lower exponential growth in NPAs than State level exponential growth. The maximum growth is of Faridabad (78.68%) and minimum pertains to Kurukshetra (-13.84%). Gurgaon Central Cooperative Bank, Kurukshetra Central Cooperative Bank and Sonapat Central Cooperative Bank show exponential growth of NPAs in negative figure.

CONCENTRATION OF NON-PERFORMING ASSETS IN CENTRAL COOPERATIVE BANKS OF HARYANA

Table 21 highlights the co-efficient of concentration of non-performing assets in Central Cooperative Banks. The overall co-efficient of concentration has been ranging 26 % - 34%. The highest concentration of non-performing assets was observed in 1998-99 (33.33%) and lowest in 2000-01 (26.88 %). The co-efficient of concentration over the study period showed U-shaped trend. Non-performing assets have shown decline trend till the end of March 2001. But situation reversed afterwards as non-performing assets has been showing rising trend. A careful analysis of the co-efficient of concentration of all Central Cooperative Banks of Haryana indicates that, truly, there has been no concentration of non-performing assets in just few Central Cooperative Banks.

REASONS FOR MOUNTING NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS IN HARYANA

Mounting over dues is a chronic constraints confronted by the credit cooperatives. It prevents recycling of funds resulting thereby in eventual erosion of capital base and profitability of these organizations. It also restricts their eligibility to avail refinance assistance from NABARD. The factors responsible for emergence of NPAs are classified into external and internal factors.

INTERNAL FACTORS: The problem of mounting NPAs lies in the defects in managing credit risk by the banks concerned. These are the internal factors, which adversely affect the recovery position of Central Cooperative Banks. These banks can easily overcome from these defects and can improve their performance on the recovery front.

- * Improper selection of borrowers i.e. defective appraisal systems
- * Under financing and non financing in time
- * Mismanagement of funds.
- * Lack of proper documentation including non-creation/charging of valid and enforceable security.

- * Inadequate post-sanctioned supervisions and follow up of credit.

EXTERNAL FACTORS: These factors emerge from the legal, political, economic and social environment and these are beyond the control of the banks.

- * Socio-political pressures for financing some people/activities by way of target fulfilling
- * Lack of income generation due to natural calamities like drought during the year 2002-03.
- * Willful defaults by borrowers.
- * Effect of Debt relief schemes.
- * Defects in provisions of Acts concerning the recovery.

SUGGESTIONS FOR IMPROVEMENT OF RECOVERY OF CENTRAL COOPERATIVE BANKS IN HARYANA

- * For reducing NPAs in the rural branches, the first priority of the banks should be ensuring the timely and adequate supply of credit for genuine productive purposes devoid of hassles and red-tapism. The rural borrowers are not so much concerned with the rate of interest; rather they would willingly repay a loan which they received at the time of their need and also in adequate amount.
- * A system of early recognition with timely and adequate interventions may form the focus of approach in dealing with slippage of NPAs. In this context, it is suggested that these banks should introduce a new asset category between 'Standard' and 'Sub-standard' for their own internal monitoring and follow up. This asset category may be in line with international practice of 'Special Mention Assets' used by FDIC in U.S.A., MAS in Singapore, etc., while keeping in view the local requirements. An asset may be transferred to this category once the earliest signs of sickness/irregularities are identified. This will help banks to look at accounts with potential problems in a focused manner right from the onset of the problem, so that monitoring and remedial actions can be more effective. However, introduction of a 'Special Mention' category of assets would be on the basis of not only overdue position in the account but also other factors which reflect sickness/irregularities in the account.
- * Assistance of governmental/non-governmental organizations must be harnessed and utilized to the fullest extent for effecting recovery of loans. It has been clearly established that the pressures and persuasions on recalcitrant borrowers from multiple agencies for repayment of loans can yield desired results in the rural areas.
- * Proper follow-up for recovery is lacking in rural branches, purportedly due to staff constraints. Hence, non-banking days should be specifically utilized for effecting recovery in rural areas. Staff must also develop

close contact/liason with the prominent people of villages like sarpanch/mukhias, etc. for coordinating recovery efforts.

- * A broad framework should be adopted by these banks for the management of NPAs under which a menu of options are provided for debt recovery and restructuring. Banks should have the freedom to design and implement their own policies for recovery and write-off incorporating compromise and negotiated settlements. The menu of options available to banks should include : (a) reschedulement/restructuring done at bank level; (b) reschedulement/ restructuring done through the debt restructuring (DR) mechanism; (c) resolution/recovery through *Lok Adalats* civil courts and debt recovery tribunals (DRTs); (d) compromise settlement as per bank's own schemes and the Reserve Bank's guidelines for banks; (e) sale of assets to reconstruction companies/ securitisation companies and (f) recovery through powers available under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.
- * Agricultural Credit Act enacted by various State governments in India has an important provision with regard to the recovery of Bank's due through the Prescribed Authority. The procedure has been simplified according to which the Bank has to file Recovery Certificate with the Collector and/or other Prescribed Authority and on such certificate; the bank's dues are recovered by the said authority as land revenue. Such Act should be enacted by the Haryana Government also.

CONCLUSION

An asset becomes non-performing when it ceases to generate income for a financial institution. A non-performing asset does not yield any return but it incurs a cost by eating into earnings made by banks. NPAs are caused as a result of various internal and external factors. The internal factors included weak credit appraisal, weak credit monitoring, directed lending to priority sector without adequate security, preference to loan maximization etc. The external factors that causing NPAs include loopholes in legal machinery, natural calamities, change in government policy etc. The majority of Central Cooperative Banks in Haryana have shown percentage of NPAs to total loans and advances ranging 1% to 5% except Panchkula Central Cooperative Bank, Bhiwani Central Cooperative Bank, Gurgaon Central Cooperative Bank, Hisar Central Cooperative Bank and Jind Central Cooperative Bank. The banks indicating higher exponential growth in NPAs than State level exponential growth are Bhiwani Central Cooperative Bank, Faridabad Central Cooperative Bank, Hisar Central Cooperative Bank, Mahendergarh Central Cooperative Bank, Rewari Central Cooperative Bank, Rohtak Central Cooperative Bank and Yamunanagar

Central Cooperative Bank. All Central Cooperative Banks, taken together, show maximum exponential growth in provision made, followed by total loans and advances. The NPAs shows lowest exponential growth rate. The rising provisioning for NPAs is eating into the profitability of the banks. Further all out efforts should be made to cleanse the balance sheet of the NPAs and bring them to a manageable limit of around 4% to 5%. This is only possible if aggressive recovery drive coupled with necessary one time settlement policy is followed. Co-efficient of concentration of all Central Cooperative Banks of Haryana indicates that there has been no concentration of non-performing assets in just few Central Cooperative Banks.

Thus, NPA is not a disease but a symptom of the disease of indiscipline and short term approach that has plagued the banking industry like other spheres of our society. Effective training, proper attention to periodical inspection in terms of quality of coverage and corrective actions, enlightened supervision over credit, legal reforms etc. should go a long way in reducing NPAs. The issue of NPAs is intimately connected with the overall stability of the financial system and needs to be recognized for concerted and multi pronged efforts. The reduction of NPAs should be treated as a national priority item so as to make the Indian banking system more strong, resilient and geared to meet the challenges of globalization.

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Table 1: Non-performing assets of all Central Cooperative Banks in Haryana (Rs. in lacs)

Year as on 31 st March of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	166986.86	157176.01	6724.23	563.20	497.01	77.75	248.77	774.80	8915.92	2156.02	2301.43	5.34
2000	183885.26(10.12)	172968.66	7690.37	819.81	670.98	457.52	433.49	933.76	11043.44(23.86)	2692.99	3356.05	6.01
2001	274414.15(49.23)	260081.35	8949.99	2250.59	999.27	261.14	787.51	409.88	12680.99(14.83)	3925.40	5680.21	4.62
2002	318848.90(16.19)	296908.60	8751.16	3442.24	-	-	942.62	517.88	13695.96(8.00)	4180.39	5998.53	4.30
2003	352894.19(10.68)	335020.38	12104.46	4046.42	-	-	1301.17	439.56	17873.81(30.50)	5284.52	7153.00	5.06
Exponential growth rate	22.8 %								17.43%		32.95 %	

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Data on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 2: Non-performing assets of Ambala Central Cooperative Bank

(Rs. in lacs)

Year as on 31 st March of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	6464.06	6369.01	82.80	5.59	-	-	0.73	5.93	85.05	17.01	3.73	1.47
2000	7821.62 (21.00)	7705.78	90.33	19.34	-	-	0.73	-	115.84 (36.20)	28.11	0.21	1.48
2001	11700.57 (49.59)	11586.65	76.65	15.13	8.91	7.28	-	6.58	113.92 (-1.66)	113.92	138.25	0.97
2002	12776.97 (9.20)	12660.98	69.91	39.19	-	-	6.89	6.76	115.99 (1.82)	115.99	156.54	0.91
2003	15651.40 (22.50)	15515.81	84.39	14.86	-	-	17.34	19	135.59 (16.90)	135.59	182.77	0.86
Exponential growth rate	25.35 %								9.79%		186.15%	

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 3: Non-performing assets of Bhiwani Central Cooperative Bank

(Rs. in lacs)

Year as on 31 st March of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	11676.09	10187.78	1410.48	66.83	-	-	-	11.00	1488.31	173.63	173.63	12.75
2000	14102.28 (20.78)	12492.63	1524.54	7.47	37.83	14.08	-	25.73	1609.65 (8.15)	172.81	172.81	11.40
2001	19680.27 (39.55)	18119.13	1123.03	225.35	134.88	54.41	-	23.47	1561.14 (-3.01)	248.50	248.50	7.90
2002	22476.56 (14.21)	20806.00	1328.55	305.92	-	-	-	36.00	1670.47 (7.00)	262.95	262.95	7.40
2003	25036.75 (11.39)	22028.02	2581.77	-	-	-	401.19	25.77	3008.73 (80.11)	482.96	482.96	12.01
Exponential growth rate	22.04%								15.54%		27.96%	

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 4: Non-performing assets of Faridabad Central Cooperative Bank (Rs. in lacs)

Year as on 31 st March of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances		
		Standard	Sub-Standard	Doubtful			Loss							
				Secured		Unsecured								
				Up to 1 year	1-3 years			More than 3 years						
1999	7208.55	7077.57	66.48	11.23	0.48	17.93		34.96	131.08	52.97	52.97	1.82		
2000	12069.92 (67.44)	7077.57	66.48	11.23	0.48	17.93		34.96	131.08 (0)	52.97	52.97	1.09		
2001	10670.83 (33.15)	15384.84	227.97	160.46			245.65	51.91	685.99 (423.34)	404.02	405.25	4.27		
2002	19066.13 (18.64)	18248.37	306.82	187.63			271.50	51.86	817.81 (19.22)	455.23	455.23	4.29		
2003	21252.63 (11.47)	20296.93	427.58	212.42			264.45	51.25	955.70 (16.86)	482.00	482.00	4.50		
Exponential growth rate		29.95%									78.68%		92.85%	

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 5: Non-performing assets of Gurgaon Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances		
		Standard	Sub-Standard	Doubtful			Loss							
				Secured		Unsecured								
				Up to 1 year	1-3 years			More than 3 years						
1999	8548.43	7424.24	808.17	24.49	9.28	4.68	13.87	344.78	1205.3	449.52	449.52	14.10		
2000	10967.59 (28.30)	9651.35	714.39	61.54	27.17	4.82	58.95	449.37	1316.27 (9.21)	602.66	603.04	12.00		
2001	15199.68 (38.59)	14229.22	798.53	98.37	66.65	-	-	6.91	970.49 (-26.27)	182.90	911.20	6.38		
2002	18320.71 (20.53)	17415.36	657.67	139.1	-	-	100.91	7.17	904.83 (-6.77)	213.23	917.26	4.94		
2003	19427.96 (6.04)	18265.61	909.18	14720	-	-	97.81	8.16	1162.35 (28.46)	242.69	917.25	5.98		
Exponential growth rate		24.05%									-4.37%		20.27%	

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 6: Non-performing assets of Hisar Central Cooperative Bank

(Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	19707.88	18623.19	674.75		405.57	-	-	4.37	1084.69	221.20	225.84	5.50
2000	23888.78 (21.21)	22246.46	875.73	347.52	80.23	338.84	-	-	1642.32 (51.41)	350.56	505.98	6.87
2001	34642.80 (45.02)	32412.55	1357.20	873.07	-	-	-	-	2230.27 (35.80)	444.57	810.98	6.44
2002	37029.61 (6.89)	34470.07	1151.88	1247.41	-	-	-	155.16	2554.45 (14.54)	739.14	739.14	6.90
2003	43400.28 (17.20)	39633.59	2258.200	1493.28	-	-	-	15.21	3806.69 (49.02)	833.29	1085.31	8.77
Exponential growth rate		22.35%							34.35%	42.17%		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 7: Non-performing assets of Jind Central Cooperative Bank

(Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	8702.07	7997.52	337.92	297.21	34.82	-	-	34.60	704.55	138.27	138.27	8.10
2000	10163.68 (16.80)	8847.15	826.26	196.7	244.24	23.98	-	25.55	1316.53 (86.86)	271.97	271.97	12.95
2001	15027.43 (47.85)	14207.86	344.84	97.56	298.49	19.30	-	59.38	819.57 (-37.75)	294.31	301.29	5.45
2002	17128.00 (13.98)	15696.02	780.93	339.34	-	-	-	129.57	1249.84 (52.50)	342.08	348.40	7.30
2003	19063.27 (11.30)	17793.66	870.88	259.06	-	-	-	157.53	1269.61 (1.58)	364.22	385.40	6.75
Exponential growth rate		23.25 %							11.92 %	25.83 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 8: Non-performing assets of Karnal Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provi-sion required to be made	Provisi- -ons made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Unsec-ured	Loss				
				Secured								
				Up to 1 year	1-3 years	More than 3 years						
1999	16512.33	15460.91	900.66	-	-	19.98	20.01	104.76	1061.42	193.03	193.03	6.37
2000	19881.14 (20.40)	15460.91	900.66	-	-	19.98	20.01	104.76	823.78 (-22.39)	193.03	193.03	5.29
2001	23484.14 (18.12)	21193.31	1886.87	232.37	107.63	24.86	30.92	8.18	1290.84 (56.70)	320.00	367.05	9.75
2002	26530.73 (12.97)	25393.51	101.5	48.99	-	-	41.94	16.56	1217.04 (-5.72)	134.35	142.94	1.26
2003	28600.39 (7.80)	27485.93	824.25	230.28	-	-	14.54	45.38	1074.46 (-11.72)	261.61	584.17	3.90
Exponential growth rate 14.88 %									4.23 %	21.10 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 9: Non-performing assets of Kaithal Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisi- -ons made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Unsecured	Loss				
				Secured								
				Up to 1 year	1-3 years	More than 3 years						
1999	13665.31	13289.07	172.97	18.05	-	3.68	89.30	92.24	376.24	204.30	226.52	2.75
2000	15380.80 (12.55)	13289.07	172.97	18.05	-	3.68	89.30	92.24	376.24 (0)	204.30	226.52	2.45
2001	18097.31 (17.66)	17518.25	339.97	18.58	14.13	21.1	69.51	114.77	579.05 (53.90)	236.99	298.50	3.28
2002	18442.55 (1.91)	17912.07	353.30	60.75	-	-	93.01	13.02	530.28 (-8.42)	164.90	198.60	2.88
2003	21318.11 (15.59)	20632.93	584.41	54.84	-	-	32	13.93	685.18 (29.21)	178.91	343.28	3.21
Exponential growth rate 11.30 %									16.67 %	7.25		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 10: Non-performing assets of Kurukshetra Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances	
		Standard	Sub-Standard	Doubtful			Loss						
				Secured		Unsecured							
				Up to 1 year	1-3 years			More than 3 years					
1999	11822.21	11617.27	121.08	8.23	-	-	59.47	16.16	204.94	89.74	89.74	1.73	
2000	14297.40 (20.94)	11617.27	121.08	8.23	-	-	59.47	16.16	204.94 (0)	89.74	89.74	1.43	
2001	16219.23 (13.44)	16051.01	48.26	50.87	-	-	52.43	16.66	168.22 (-17.92)	380.71	380.71	1.07	
2002	18334.50 (13.04)	17913.51	101.5	48.99	-	-	41.94	16.56	210.99 (25.43)	134.35	144.94	1.15	
2003	20251.10 (10.45)	19935.53	228.56	42.34	-	-	28.12	16.55	315.57 (49.57)	607.95	607.95	1.56	
Exponential growth rate		14.17 %							9.33%		53.81 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 11: Non-performing assets of Mahendergarh Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances	
		Standard	Sub-Standard	Doubtful			Loss						
				Secured		Unsecured							
				Up to 1 year	1-3 years			More than 3 years					
1999	5500.15	5406.36	74.48	0.89	0.22	1.45	7.36	9.40	93.80	35.18	27.63	1.70	
2000	9795.31 (78.09)	9567.67	135.88	82.41	-	-	-	9.36	227.65 (142.70)	133.31	135.65	2.32	
2001	10832.46 (10.59)	10608.26	16.78	71.17	8.65	27.21	100.39	-	224.20 (-1.52)	147.94	147.94	2.07	
2002	11126.70 (2.72)	10731.73	217.00	80.08	-	-	97.89	-	394.97 (76.17)	149.04	149.54	3.55	
2003	11866.30 (6.65)	11240.79	441.98	91.04	-	-	83.38	9.11	625.51 (58.37)	211.81	211.81	5.27	
Exponential growth rate		18.12%							54.43%		52.74 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 12: Non-performing assets of Panchkula Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured				Unsecured				
				Up to 1 year	1-3 years	More than 3 years						
1999	3906.19	3513.66	381.41	7.62	3.06	-	-	0.44	392.53	58.43	75.23	10.04
2000	4888.83 (25.16)	4200.45	665.56	12.24	10.14	-	-	0.44	688.38 (75.37)	61.66	66.55	14.10
2001	6567.21 (34.33)	5555.82	931.42	58.40	14.07	7.09	-	0.44	1011.39 (46.92)	138.02	139.02	15.40
2002	15351.3 (133.76)	6460.15	864.44	117.63	-	-	-	0.44	982.51 (- 2.86)	152.30	154.07	6.40
2003	9188.71 (-40.14)	8245.08	334.16	581.86	-	-	18.17	0.44	934.63 (- 4.87)	198.45	198.45	10.17
Exponential growth rate	33.04 %								23.26%		32.04 %	

* Figure in () indicate Annual Compound growth rate over previous year
 Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 13: Non-performing assets of Panipat Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured				Unsecured				
				Up to 1 year	1-3 years	More than 3 years						
1999	7275.31	6939.51	292.9	3.81	31.39	-	-	7.66	335.76	128.45	128.45	4.62
2000	8943.14 (22.92)	8559.62	240.99	38.42	69.43	22.49	-	12.19	383.52 (14.22)	76.05	76.05	4.29
2001	13306.95 (48.80)	12843.03	245.60	126.40	47.51	27.39	-	17.02	463.92 (20.96)	126.91	126.91	3.48
2002	15351.3 (15.36)	14887.11	203.98	234.94	-	-	-	25.77	464.69 (0.17)	156.08	156.08	3.03
2003	18916.24 (23.22)	18197.58	422.16	268.94	-	-	-	27.56	718.66 (54.65)	194.06	221.88	3.80
Exponential growth rate	27.78 %								18.70%		19.87 %	

* Figure in () indicate Annual Compound growth rate over previous year
 Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 14: Non-performing assets of Rewari Central Cooperative Bank

(Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful				Loss				
				Secured			Unsecured					
				Up to 1 year	1-3 years	More than 3 years						
1999	5534.67	5245.00	235.44	37.55	-	-		16.68	313.42	71.48	71.48	5.66
2000	6523.27 (17.86)	6238.98	144.40	119.01	-	-		44.63	308.04 (- 1.72)	89.63	89.63	4.72
2001	8397.20 (28.73)	8041.37	249.62	62.55	16.52	0.49	10.59	16.06	355.83 (15.51)	69.32	69.32	4.23
2002	9538.53 (13.59)	9267.98	155.45	61.10	-	-	36.29	17.81	270.55 (-23.97)	109.86	109.86	2.84
2003	11448.43 (20.02)	11029.73	213.34	71.40	-	-	119.22	14.74	418.7 (54.76)	212.78	212.82	3.66
Exponential growth rate		20.13 %						4.6%		26.94 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 15: Non-performing assets of Rohtak Central Cooperative Bank

(Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful				Loss				
				Secured			Unsecured					
				Up to 1 year	1-3 years	More than 3 years						
1999	9836.99	9613.74	190.93	-	0.25	-	3.12	28.87	223.17	51.33	-	2.27
2000	15205.25 (54.57)	14699.69	389.19	38.28	-	-	63.03	57.23	547.72 (145.43)	122.39	412.21	3.60
2001	21638.00 (42.31)	21162.27	200.12	20.15	86.38	21.86	147.54	46.1	522.25 (-4.65)	307.53	466.62	2.41
2002	26741.77 (23.59)	26156.52	244.73	198.81	-	-	104.8	-	494.44 (-5.33)	322.55	546.43	1.85
2003	28692.59 (7.30)	28232.79	181.22	227.03	17.87	-	35.88	-	459.8 (-7.01)	265.01	466.56	1.60
Exponential growth rate		31.07 %						14.38%		83.88 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 16: Non-performing assets of Sirsa Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	9393.68	7820.05	463.56	13.69	11.69	30.03	51.35	3.04	573.73	122.10	85.28	6.11
2000	10424.34 (10.97)	9893.04	342.69	27.04	14.63	10.44	132.44	3.86	531.3 (- 7.40)	185.75	176.23	5.10
2001	13063.22 (25.31)	12580.52	341.93	20.12	9.83	15.45	91.53	3.74	482.68 (- 9.15)	207.13	207.23	3.69
2002	16294.17 (24.73)	15531.97	593.04	49.30	-	-	116.21	3.65	762.28 (57.93)	236.18	236.18	4.68
2003	18593.90 (14.11)	17645.07	736.13	67.60	-	-	141.08	3.97	948.83 (24.47)	283.63	341.46	5.10
Exponential growth rate	19.87 %								14.65 %		35.90 %	

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 17: Non-performing assets of Sonapat Central Cooperative Bank (Rs. in lacs)

* Figure in () indicate Annual Compound growth rate over previous year

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances
		Standard	Sub-Standard	Doubtful			Loss					
				Secured		Unsecured						
				Up to 1 year	1-3 years			More than 3 years				
1999	11396.11	10977.35	319.27	68.01	-	-	-	31.48	418.76	108.05	360.11	3.67
2000	12666.51 (11.15)	12221.06	305.81	33.75	66.39	1.28	-	38.22	477.48 (14.02)	128.14	419.11	3.77
2001	17830.75 (40.77)	17173.96	408.56	20.70	155.12	33.75	-	38.66	678.86 (42.18)	168.84	500.30	3.81
2002	19406.28 (8.84)	18917.91	298.94	161.33	-	-	-	38.10	510.07 (-24.86)	146.00	548.82	2.63
2003	23055.31 (18.80)	22660.12	192.38	171.85	-	-	-	30.96	395.19 (-22.52)	137.62	419.11	1.71
Exponential growth rate	20.15 %								- 0.50%		5.90 %	

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 18: Non-performing assets of Yamunanagar Central Cooperative Bank (Rs. in lacs)

Year as on 31 st of	Total loans & advances O/S	Asset Classification							Total NPAs	Provision required to be made	Provisions made	%age of NPA to loans & advances	
		Standard	Sub-Standard	Doubtful			Loss						
				Secured		Unsecured							
				Up to 1 year	1-3 years			More than 3 years					
1999	9836.91	9613.74	190.93	-	0.25	-	3.12	28.87	223.17	51.33	-	2.27	
2000	9081.47 (- 7.68)	8767.63	309.29	-	1.43	-	3.12	28.86	342.70 (53.56)	63.20	-	3.77	
2001	12655.66 (39.36)	12133.3	352.64	99.34	30.53	0.95	38.85		522.36 (52.42)	133.99	161.14	4.13	
2002	14933.05 (18.00)	14388.3	372.95	131.61	-	-	40.39		544.75 (4.29)	146.02	146.69	3.65	
2003	17130.82 (14.72)	16172.21	813.87	114.62	-	-	30.12		958.61 (75.97)	191.94	228.56	5.60	
Exponential growth rate		17.43%							40.19%		88.59 %		

* Figure in () indicate Annual Compound growth rate over previous year

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.

Table 19: Position of NPAs to Total loans & advances outstanding of CCBs (in percentage)

CCBs	1998-99	1999-00	2000-01	2001-02	2002-03	Average
Ambala	1.47	1.48	0.97	0.91	0.86	1.14
Bhiwani	12.75	11.40	7.90	7.40	12.01	10.29
Faridabad	1.82	1.09	4.27	4.29	4.50	3.19
Gurgaon	14.10	12.00	6.38	4.94	5.98	8.68
Hisar	5.50	6.87	6.44	6.90	8.77	6.90
Jind	8.10	12.95	5.45	7.30	6.75	8.11
Karnal	6.43	4.14	5.50	4.59	3.76	4.88
Kaithal	2.75	2.45	3.28	2.88	3.21	2.91
Kurukshetra	1.73	1.43	1.07	1.15	1.56	1.39
Mahendergarh	1.70	2.32	2.07	3.55	5.27	2.98
Panchkula	10.04	14.10	15.40	13.20	6.40	11.83
Panipat	4.62	4.29	3.48	3.03	3.80	3.84
Rewari	5.66	4.72	4.23	2.84	3.66	4.23
Rohtak	2.27	3.60	2.41	1.85	1.60	2.35
Sirsa	6.11	5.10	3.69	4.68	5.10	4.94
Sonepat	3.67	3.77	3.81	2.63	1.71	3.12
Yamunanagar	2.27	3.77	4.13	3.65	5.60	3.88
All CCBs at State Level	5.34	6.01	4.62	4.30	5.06	5.07

NON-PERFORMING ASSETS OF CENTRAL COOPERATIVE BANKS

Table 20: Comparison of exponential growth rate of all CCBs

(in percentage)

Central Cooperative Banks	Exponential Growth Rate		
	Total loans & advances	Total NPA	Provision made
Ambala	25.35	9.79	186.15
Bhiwani	22.04	15.54	27.96
Faridabad	29.95	78.68	92.85
Gurgaon	24.05	- 4.38	20.27
Hisar	22.35	34.35	42.17
Jind	23.25	11.92	25.83
Karnal	11.30	16.67	7.25
Kaithal	14.17	9.33	53.81
Kurukshetra	14.88	4.32	21.10
Mahendergarh	18.12	54.43	52.74
Panchkula	20.13	4.60	26.94
Panipat	31.07	14.38	83.88
Rewari	33.04	23.26	32.04
Rohtak	27.78	18.70	19.87
Sirsa	19.87	14.65	35.90
Sonepat	20.15	- 0.50	5.90
Yamunanagar	17.43	40.49	88.59
All CCBs at State Level	22.72	17.43	32.96

Table 21: Position of NPAs of Central Cooperative Banks

(Rs. in Lacs)

CCBs	1998-99	1999-00	2000-01	2001-02	2002-03
Ambala	85.05	115.84	113.92	115.99	135.59
Bhiwani	1488.31	1609.65	1561.14	1670.47	3008.73
Faridabad	131.08	131.08	685.99	817.81	955.70
Gurgaon	1205.30	1316.27	970.49	904.83	1162.35
Hisar	1084.69	1642.32	2230.27	2554.45	3806.69
Jind	704.55	1316.53	819.57	1249.84	1269.61
Karnal	1061.42	823.78	1290.84	1217.04	1074.46
Kaithal	376.24	376.24	579.05	530.28	685.18
Kurukshetra	204.94	204.94	168.22	210.99	315.57
Mahendergarh	93.80	227.65	224.20	394.97	625.51
Panchkula	392.53	688.38	1011.39	982.51	934.63
Panipat	335.76	383.52	463.92	464.69	718.66
Rewari	313.42	308.04	355.83	270.55	418.70
Rohtak	223.17	547.72	522.25	494.44	459.80
Sirsa	573.73	531.30	482.68	762.28	948.83
Sonepat	418.76	477.48	678.86	510.07	395.19
Yamunanagar	223.17	342.70	522.36	544.75	958.61
Total	8915.92	11043.44	12680.98	13695.96	17873.81
Coefficient of Concentration	33.33	31.69	26.88	27.44	28.33

Source: Annual Reports of CCBs and various annual issues of the 'Basic Bata on Performance of CCBs' published by The Haryana State Cooperative Bank.