

Public sector banks vs private lenders: PSBs share in loan assets falls

By: [FE Bureau](#) | Mumbai | Published: December 22, 2017 2:37 AM



The banking sector's total advances stood at Rs 84.7 lakh crore, 3.6% higher than the outstanding at the end of March 2016. (Reuters)

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State-owned banks' share of loans disbursed by the banking system slipped to 69% from 71% between March 2016 and March 2017, data released by the Reserve Bank of India (RBI) showed. As on March 31, 2017, public-sector banks' advances stood at Rs 58.66 lakh crore, up 0.7% from Rs 58.27 lakh crore at the end of FY16. The banking sector's



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total advances stood at Rs 84.7 lakh crore, 3.6% higher than the outstanding at the end of March 2016. The year under review saw the private-sector increase their market share to 27% of the pie from 24% on March 31, 2016. Loan outstanding for private banks as on March 31, 2017 was Rs 22.6 lakh crore, 14.5% higher than the previous year's Rs 19.74 lakh crore. The share of foreign banks in the pie shrank by 54 basis points to 4.06%. Their total advances registered a de-growth of 8.7% to Rs 3.44 lakh crore. In terms of asset quality, public-sector banks (PSBs) accounted for a whopping 87% of gross non-performing assets (NPAs) as on March 31, 2017. This, nonetheless, marked a marginal improvement over the previous year, when their share of gross NPAs was 88%. Total gross NPAs of PSBs stood at Rs 6.85 lakh crore, or nearly 12% of their assets at the end of FY17. On March 31, 2016, their gross NPA figure was Rs 5.4 lakh crore and this made

up for 9.3% of their assets.

On the other hand, the performance of private banks on asset quality worsened significantly between FY16 and FY17, with their gross NPAs jumping 64% year-on-year (y-o-y) to Rs 91,915 crore. Their share of all gross NPAs in the system rose to nearly 12% at the end of FY17 from 9% a year ago. Private banks' gross NPA ratio rose to 4% from 2.8%. PSBs have been losing ground to their private peers in recent years as their pile of stressed assets and related provisioning requirements have left them capital-starved. While the government has announced a Rs 2.11-lakh crore recapitalisation programme for them, analysts say this amount may be insufficient.