

# A Study on Customer Awareness about Non – Performing Assets (NPA) with Special Reference to ICICI Bank in Tirupur District

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## Abstract:

This study explores customer awareness regarding Non-Performing Assets (NPAs) with a specific focus on ICICI Bank in the Tirupur district. It aims to assess the level of understanding among customers about NPAs, their implications on banking operations, and the measures taken by ICICI Bank to address this issue. By analyzing customer perceptions and awareness, the study seeks to provide insights into the effectiveness of financial literacy initiatives and suggest strategies for improving customer engagement and knowledge about NPAs.

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## Introduction

Non – Performing Assets (NPA) has a significant role for in Banking sector , examines the Customer Awareness about NPA in ICICI Bank in Tirupur District as they are highest in the Ranking of NPA in Tirupur . NPA can lead to substantial financial losses and undermine the stability of the Financial system NPAs arise when borrowers fail to repay their loans or interest on time, and this can have far-reaching consequences for both the lender and the borrower. This study includes the Statement of the Problem , Objectives of the study , Research Methodology , Tools used for Research , Review of literature , Theoretical aspect of the study , Analysis & Interpretation , Findings & Suggestions . In recent years, the issue of NPAs has gained significant attention, and it has become essential for customers to be aware of the causes, consequences, and prevention strategies related to NPAs.

## Objectives

- To know about customer awareness about NPA.
- To analyse the risk factors of NPA in ICICI Bank.

## Statement of The Problem

The Statement of the problem addressed in this study is the lack of adequate customer awareness about Non-Performing Assets (NPAs) and their implications on banking services, particularly in the context of ICICI Bank in Tirupur District.. This study seeks to explore and analyze the level of awareness among customers and identify measures to improve their knowledge about NPAs, ultimately fostering a stronger and more transparent banking relationship.

## Limitations

- Customers in Tirupur district may have limited access to comprehensive information about Non-Performing Assets (NPAs) and their implications.
- The complexity of financial concepts related to NPAs may make it challenging for the average customer to understand their significance and impact.

## Research Methodology

This Research involves a systematic approach to data collection, analysis, and interpretation to gain insights into customer knowledge and perception regarding NPAs.

### Tools Used for Analysing the Data

This Study has the objective of ascertaining the "CUSTOMER AWARENESS ABOUT NON PERFORMING ASSETS " towards ICICI Bank customers in Tirupur district for analysing the primary data, the following statistical tool was used.

- Chi Square
- Simple Percentage Analysis

## Review of Literature

**Mishra & Goyal (2020)** analysed the factors contributing to the rise of NPAs in Indian banks. The authors Mishra & goyal recommended the adoption of artificial intelligence-based risk assessment models to improve credit monitoring to reduce the risk level of NPA. an extensive study on Non-Performing Assets (NPAs), analysing the root causes, economic impact, and potential solutions for effective NPA management.

**Rajan & Dhal (2019)** analyse and examined the impact of macroeconomic variables on NPAs in commercial banks in India. They suggested that banks should align their credit policies with economic cycles to minimize loan defaults. the issue of non-performing assets (NPAs) in the Indian banking sector, analysing their determinants and implications.

**Bhatia (2018)** studied the relationship between NPAs and banking profitability in India. The research showed that high NPAs lead to reduced profitability, higher provisioning costs, and lower shareholder confidence. This review of literature on non-performing assets (NPAs) examines the theoretical foundations behind the accumulation of bad loans in the banking sector.

## Theoretical Aspects of the Study

The theoretical aspect of the study on customer awareness about Non-Performing Assets (NPA) in ICICI Bank in Tirupur District revolves around understanding the concept of NPAs and their implications on the banking sector. The study aims to explore the extent to which customers in Tirupur District are informed about NPAs, the factors contributing to their awareness, and the role of ICICI Bank in disseminating relevant information.

## Analysis & Interpretation

- Simple Percentage Analysis

### a) Type of Asset pledged

S.NO	PARTICULARS	NO.OF RESPONDENT	PERCENTAGE
1	RESIDENTIAL PROPERTY	31	27%
2	COMMERCIAL PROPERTY	44	38%
3	VEHICLE	20	17.4%
4	FINANCIAL ASSET	20	17.4%
	TOTAL	115	100%

**SOURCE : Primary data**

**Interpretation:**

The above table shows the Majority holds 38% are pledged the commercial property ,the second place holds by 27% are pledged the residential property, the least position were hold by both the vehicle& financial asset holds the same 17.4%

The survey reveals majority 38% are used commercial property

**b) Perception that how NPA adversely affects the liquidity of Banks and its Income generating Capacities**

S.NO	PARTICULARS	NO.OF RESPONDENT	PERCENTAGE
1	STRONGLY DISAGREE	13	11.3%
2	DISAGREE	36	31.3%
3	NEUTRAL	38	33%
4	AGREE	19	16.5%
5	STRONGLY AGREE	9	7.8%
	TOTAL	115	100%

**SOURCE : Primary data**

**Interpretation:**

The above table shows the mostly 33% are the respondents are neutral, 31.3% are the respondents are disagree, 16.5% are the respondents are agree, 11.3% are the respondents are strongly disagree, 7.8% are the respondents are strongly agree.

The survey reveals majority 33% are the respondents are Neutral.

➤ **CHI – SQUARE ANALYSIS**

**a) Hypothesis No. 1**

**Null Hypothesis(H<sub>0</sub>) :** There is no significant relationship between gender and the effectiveness in the recovery of NPA

**Gender and the Effectiveness in the recovery of NPA**

Gender * The Effectiveness in the Recovery of NPA					
Count					
Gender	Effectiveness in the recovery of NPA				Total
	Very effective	Effective	neutral	Ineffective	
Male	30	40	4	0	74
Female	11	0	22	8	41
Total	41	40	26	8	115
Chi – square Tests					
	value	df	Asymptotic significance ( 2 – sided)		
<b>Pearson Chi – Square</b>	65.163a	3	.000		
<b>Likelihood ratio</b>	79.808	3	.000		
<b>Linear by linear Association</b>	30.986	1	.000		
<b>No valid Cases</b>	115				
a.1 cells (12.5%) have expected count less than 5. The minimum expected count is 2.85					

**SOURCE : Primary Data**

**Interpretation**

The CHI – SQUARE ANALYSIS reveals that the Pearson Chi – Square value 65.163 with the significance value of .000 which is less than the standard significance value 0.05 This Indicates that there

is a significant relationship between Gender and The Effectiveness in the recovery of NPA .

## **Findings**

- Majority (38%) of the respondents used Commercial Property for getting loan
- Most (33%) of the respondents are neutral in the statement of Perception that how NPA adversely affects the liquidity of Banks and its Income generating Capacities
- The CHI – SQUARE ANALYSIS reveals that the Pearson Chi – Square value 65.163 with the significance value of .000 which is less than the standard significance value 0.05 This Indicates that there is a significant relationship between Gender and The Effectiveness in the recovery of NPA

## **Conclusion**

The study on customer awareness about Non-Performing Assets (NPAs) with special reference to ICICI Bank in Tirupur District Spotlight the strategic function of customer education in piloting the complexities of modern banking. The research highlights that while NPAs predominantly impact the financial stability and profitability of banks, their chain reaction extend to customers, influencing loan availability, interest rates, and overall trust in financial institutions. Through this study, it became evident that a significant portion of customers in Tirupur District either lack complete understanding of NPAs or remain unaware of how these assets indirectly affect their banking experience.

## **References**

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