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A STUDY ON THE IMPACT OF IMPLEMENTATION OF BASEL III IN SELECTED PRIVATE SECTOR AND PUBLIC SECTOR BANKS WITH SPECIAL REFERENCE TO BENGALURU.

*** Lavanya** ***K.N.* M. Josephine Rebecca***
Assistant Professors, Department of Commerce,
Mount Carmel College, Autonomous, Bengaluru.

ABSTRACT:
Banking sector is one of the fastest growing sectors in India which is a key indicator of the economic progress in the country. Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision, to strengthen the regulation, administration and risk management of the banking sector. These measures aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance, strengthen banks' transparency and disclosures. This research aims to analyze the impact of implementation of Basel III on three selected private sector and three public sector banks.

INTRODUCTION:

Only when there is an efficient and effective banking system, there can be rapid development across economic sectors. It is a bank which promotes capital formation through channelization of savings in any country. The use of technology in banking has revolutionized economic activities at all levels. Provision of credit has reduced regional disparity in the country. Increase or decrease in circulation of money through varying interest rates affects trade activities directly. Banking is not confined to a region or country in this fast-changing
world of the 21st century. Banks are dealing with global customers and due to extensive use of information technology, people have adopted virtual banking. This has a direct impact on physical bank branches, be it public sector banks or private sector banks delivering banking services to customers.

The banking system in India represents both private and public sector banks. The "private-sector banks" are banks where greater parts of stake or equity are held by the private shareholders and not by government.

Banking in India has been dominated by public sector banks since the 1969 when all major banks were nationalized by the Indian government. However, since liberalization in government banking policy in 1990s, old and new private sector banks have re-emerged. They have grown faster and bigger over the two decades since liberalization using the latest technology, providing contemporary innovations and monetary tools and techniques.

The private sector banks are split into two groups by financial regulators in India, old and new. The old private sector banks existed prior to the nationalization in 1969 and kept their independence because they were either too small or specialist to be included in nationalization. The new private sector banks are those that have gained their banking license since the liberalization in the 1990s.

Private sector banks have managed to record better growth than their public sector counterparts in the past few years, through asset quality. In 2015, private sector banks have more market share.

"While the PSBs (public sector banks) continue to play a vital role in Indian economy and financial system, they have been lagging their private sector counterparts on performance and efficiency indicators. Presently, the PSBs with a predominantly high share in infrastructure financing are observed to be facing the highest amount of stress in their asset quality and profitability," noted the Financial Stability Report released by the Reserve Bank of India.

In 2015, PSBs seemed to lag private banks on asset quality, profitability, and credit growth, among others. For instance, the PSBs recorded the highest level of stressed assets at 14.1 per cent, followed by private banks at 4.6 per cent, and foreign banks at 3.4 per cent. Because of the pressure on asset quality, the PSBs have also been lending more cautiously, resulting in muted credit growth for them.

"PSBs continued to register subdued performance in credit as well as deposits, whereas private sector banks and foreign banks showed robust growth during the same period," the report noted.

On the profitability front, the report pointed out the profit after tax (PAT) of scheduled commercial banks declined 4.4 per cent during the first half of 2015-16, due to lower growth in earnings before provisions and taxes, and higher provisions and write-offs. Even here, the state-owned banks were the worst-affected. "PAT declined by 22.7 per cent for PSBs, whereas it increased by 11.5 per cent for PVBs (private banks) and 4.6 per cent for FBs (foreign banks) during the same period," said the report.

Going ahead, the picture doesn't seem too rosy for public sector banks as well. A research report by Brickwork Ratings has estimated PSBs would have lost market share by two per cent in FY15, which has been gained by the private sector banks. "If the current growth trend continues for another three years, by FY18, our estimate is that PSBs' share would have come down to 71 per cent (from 75 per cent in FY15) and the entire gain will be of private banks."

The Reserve Bank of India has released an elaborate matrix of shareholding limits in private sector banks in view of the need for additional capital after implementing Basel III regulations and to rationalize ownership limits.

Ownership limits for all shareholders in the long run have been stipulated under two broad categories — natural persons (individuals) and legal persons (entities/institutions).

Further, separate limits have been stipulated for non-financial and financial institutions; and among financial institutions, for diversified and non-diversified financial institutions.

The shareholding limit for natural persons (individuals) and non-financial institutions/entities has been set at 10 per cent each. In both the cases, if any promoter is eligible for higher shareholding as per the licensing guidelines, then the same will apply and the limits prescribed for all shareholders in the long run in the matrix will not apply.

India's commercial banks remain "compliant" with the Basel III global regulatory framework for implementing risk-based capital requirements.

However, there is still some distance to be covered in complying with the standards for liquidity coverage ratio (LCR), or highly liquid assets held by banks to meet their short-term obligations.

The standards, which came after the financial crisis of 2008, aim at improving the banking sector's ability to absorb shocks arising from financial and economic stress, risk management and governance, and strengthening banks' transparency and disclosures. The reforms of the Basel-III call for bank-level or macro-prudential regulation.

The Basel committee stated that "Several aspects of the Indian framework are more conservative than the Basel framework,". The RBI, for example, has imposed "higher minimum capital requirements and risk weightings for certain types of exposures, as well as higher minimum capital ratios". India's banking regulator "also applies certain restrictions to banking activities through its prudential framework".

All commercial banks in India, excluding regional rural banks, come under the Basel-III regulations. Commercial banks, which dominate the Indian banking system, account for approximately 87% of total banking system assets. Public sector banks, with a market share of 73% banking assets and 82% of bank branches, play a major role in the Indian financial system.

Foreign banks account for about 6% of the Indian banking sector, according to the Basel Committee.

Indian banks remain compliant with the key components of the Basel capital framework, minimum capital requirements in Pillar 1, supervisory review process in Pillar 2, and market discipline in Pillar 3. The minimum

capital requirements in Pillar 1 include definition of capital, credit risk for standardized approach and internal ratings-based approach, securitization framework, counter-party credit risk framework, market risk, operational risk and capital buffers.

Responding to some observations from the Basel committee, RBI has clarified that the minimum capital requirement in India is higher at 9% of the risk-weighted assets, as compared to minimum of 8% under the Basel framework. "The absolute capital requirement for market risk and operational risk were effectively on par with Basel requirements, "according to RBI.

RESEARCH DESIGN

STATEMENT OF THE PROBLEM:

The Reserve Bank of India (RBI) has extended the deadline for Indian banks to meet capital requirements under the so-called Basel III norms by a year to 31 March 2019. There is potential stresses on the asset quality and consequential impact on the performance/profitability of the banks. This may necessitate some lead time for banks to raise capital within the internationally agreed timeline for full implementation of the Basel III capital regulations.

The reforms target:

- Bank-level, or micro prudential regulation, which will help raise the resilience of individual banking institutions to periods of stress.
- Macro prudential, system wide risks that can build up across the banking sector as well as the pro-cyclical amplification of these risks over time.

These two approaches to supervision are complementary as greater resilience at the individual bank level reduces the risk of system wide shocks.

So, this research is undertaken to analyze the impact of Basel III on the selected public sector and private sector banks namely: SBI, UCO, CANARA, ICICI, AXIS, YES banks.

REVIEW OF LITERATURE

M. Jayadev ,(2013)[1]in his topic titled, "The Basel III implementation: Issues and challenges for Indian banks", states that the Basel III framework, whose main thrust has been enhancing the banking sector's safety and stability, emphasizes the need to improve the quality and quantity of capital components, leverage ratio, liquidity standards, and enhanced disclosures. This article first lays the context of Basel III and then incorporates the views of senior executives of Indian banks and risk management experts on addressing the challenges of implementing the Basel III framework, especially in areas such as augmentation of capital resources, growth versus financial stability, challenges for enhanced profitability, deposit pricing, cost of credit, maintenance of liquidity standards, and strengthening of risk architecture.

Amadou Sy,(2007)[2] ,in his research topic "Indian Banks' Diminishing Appetite for Government Securities: A Change of Diet?" discussed that Indian banks' holdings of government securities - measured in rupees - have fallen for the first time in almost 40 years and are now close to the statutory minimum. Such holdings remain, however, large and draw attention to their risk as interest rates are increasing. It also reviews the reasons why such holdings are so large and measures their interest rate risk using duration/convexity and value-at-risk methods. The first key finding is that, at end-March 2004, some public sector and old private banks were vulnerable to a reversal of the interest rate cycle, while foreign and new private banks had built adequate defenses. The second key finding is that recent changes in regulation such as the move to Basel I and the road map to Basel II are important as they make Indian banks' capital more sensitive to interest rate risk.

[1] M. Jayadev, "The Basel III implementation: Issues and challenges for Indian banks", Indian Institute of Management Bangalore, Production and hosting by Elsevier Ltd.2013.

[2] Amadou Sy,"Indian Banks' Diminishing Appetite for Government Securities: A Change of Diet?" Banking and Finance, Vol. 42, Issue No. 13, 31 Mar, 2007.

D M Nachane, Saibal Ghosh, (2003)[3] in his article entitled "Are Basel Capital Standards Pro-cyclical?", debate on bank capital regulation has in recent years devoted specific attention to the role that bank loan loss provisions play as a part of the overall minimum capital regulatory framework. This paper contributes to the debate by exploring the available evidence about bank loan loss provisioning in the Indian context. Using data on state-owned banks for the period 1997-2002, we find that banks tend to delay provisioning for bad loans until too late, possibly magnifying the impact of the economic cycles on their income and capital.
Pushpkant Shakdwipee, MasumaMehta, (2017)[4] in their article titled "Impact of Basel III on Indian Banks" have clearly mentioned the cause for the collapse of the first two Basel accords. They support Basel III has measures ensuring that the banking system as a whole does not crumble and its spill-over impact on the real economy is minimized.

Kanhaiya Singh (2019)[5]in her paper titled, "Impact Of Basel 3 Norms on Performance Of Commercial Banks – A Study Of Select Indian Banks" states that the analysis indicates that there are certain financial parameters and operating ration that get affected by implementation f Basel 3 norms. There are certainly some policy implications that remain affected in implementation of Basel 3 norms implemented in banks in India as per the guidelines of the Reserve Bank of India. However, the analysis also indicates that commercial banks in India are sound to bear the economic shocks in case of uncertainties.

BASEL Norms Framework.

The Basel III Framework			
Capital			**Liquidity**
Pillar 1	**Pillar 2**	**Pillar 3**	
Capital• -Quality and level of capital (4.5%) -Capital loss absorption –Capital conservation buffer -Counter cyclic buffer	Supplemental requirements including capturing risk that is connected to off-balance sheet exposure and securitisation activities.	Revised disclosure requirements relating to off-balance sheet exposure and securitisation activities.	- Liquidity coverage ratio - Net stable funding ratio - Principles for sound liquidity risk management & supervision - Supervision monitoring
Risk Coverage• -Securitisation -Higher capital for trading book -Counterparty credit risk			
Leverage• - Leverage ratio			

Systemically important financial institutions (SIFIs) .These must have a higher loss absorbency ratio than other banks because of the greater risk they are to the financial system. A Tier 1 extra capital requirement ranging

[3] D M Nachane, Saibal Ghosh, "Are Basel Capital Standards Pro-cyclical?", Economic Political Weekly,Vol. 38, Issue No. 08, 16 Feb, 2003.

[4] Pushpkant Shakdwipee, MasumaMehta, "Impact of Basel III on Indian Banks", World Journal of Research and Review (WJRR) ISSN:2455-3956, Volume-4, Issue-1, January 2017 Pages 40-45
[5] Kanhaiya Singh (2019)[5], "Impact Of Basel 3 Norms on Performance Of Commercial Banks – A Study Of Select Indian Banks" , Prajana Vol 22; No 1, Jan-June 2019.

from 1-2.5 percent.
Summary of Basel III (BCBS, 2016).
Pushpkant Shakdwipee, MasumaMehta,(2017)[6] in their article titled "Impact of Basel III on Indian Banks" have developed a table for comparing BCBS Norms and RBI Regulations.

Table: Comparative BCBS Norms and RBI Regulations

	Basel II BCBS	Basel II RBI	Basel III BCBS	Basel III RBI
Minimum common equity Tier 1 (CET 1) (A)	2.00 %	3.60 %	4.50 %	5.50 %
Capital conservation buffer (CCB) (B)			2.50 %	2.50 %
Total equity/ capital ratio (C=A+B)	2.00 %	2.50 %	2.50 %	8.00 %
Additional Tier 1 capital (D)	2.00 %	2.40 %	1.50 %	1.50 %
Total Tier 1 capital (C+D)	4.00 %	6.00 %	8.50 %	9.50 %
Tier 2 capital	4.00 %	3.00 %	2.00 %	2.00 %
Minimum Total Capital + CCB	8.00 %	9.00 %	10.50 %	11.50%
Leverage Ratio			3.00 %	4.50 %

OBJECTIVES OF THE STUDY:
1.To assess the impact of implementation of Basel III on the selected public sector and private sector banks. (SBI, UCO, CANARA, ICICI, AXIS, YES banks.)

2.To compare the Non-Performing Asset level of the selected public sector and private sector banks. (SBI, UCO, CANARA, ICICI, AXIS, YES banks.)

SCOPE OF THE STUDY:

1.This research evaluates the trend in the performance of banks in India on pre and post Basel III imposition.
2.The study focuses on selected public sector and private sector banks in Bengaluru city.

RESEARCH METHODOLOGY:
In order to realize the stated objectives, descriptive and analytical research designs are adopted. Analysis is based on secondary data through use of published bank reports and ratios are used to identify the performance level of selected banks post Basel III imposition.

[6] Pushpkant Shakdwipee, MasumaMehta, "Impact of Basel III on Indian Banks", World Journal of Research and Review (WJRR) ISSN:2455-3956, Volume-4, Issue-1, January 2017 Pages 40-45

SAMPLING DESIGN:

1. The sample size of the study includes 6 banks -3 private sector banks and 3 public sectors banks.
2. Financial data is collected from the period before and after Basel III was imposed.

TOOLS OF ANALYSIS:

1. In order to achieve the various objectives mentioned, the collected data is entered, arranged and presented using Microsoft Excel software.
2. The secondary data collected for the study is summarized and initial analysis is done using averages, correlation and regression.
3. Charts are used wherever required to simplify the data for analytical purpose.

OPERATIONAL DEFINITIONS

1. **Financial risk** is any of various types of risk associated with financing, including financial transactions that include company loans in risk of default. Often it is understood to include only downside risk, meaning the potential for financial loss and uncertainty about its extent.
2. **Credit Risk management and governance:** Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.
3. **Liquidity Coverage Ratio:** The liquidity coverage ratio (LCR) refers to highly liquid assets held by financial institutions to meet short-term obligations. The ratio is a generic stress test that aims to anticipate market-wide shocks. The liquidity coverage ratio is designed to ensure financial institutions have the necessary assets on hand to ride out short-term liquidity disruptions.
4. **CAR: Capital adequacy ratio** is the ratio of a bank's capital to its risk. The capital adequacy ratio, also known as capital to risk-weighted assets ratio, measures a bank's financial strength by using its capital and assets. It is used to protect depositors and promote the stability and efficiency of financial systems around the world.
5. **ROI:** Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost.
6. **ROA:** Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets.
7. **OPM:** Operating Profit Margin is profitability or performance ratio used to calculate the percentage of profit a company produces from its operations, prior to subtracting taxes and interest charges. It is calculated by dividing the operating profit by total revenue.
8. **NPA:** A nonperforming asset (NPA) refers to a classification for loans or advances that are in default or are in arrears on scheduled payments of principal or interest. Gross Non-Performing Assets (GNPAs): Gross NPA is the sum of all loan assets that are classified as NPA as per RBI guidelines. Gross NPA Ratio is the ratio of gross NPA to gross advances (loans) of the bank. Non-Performing Assets (NPA) ratio: Net NPAs are calculated by deducting provisions from gross NPAs.
9. **HTM:** Held to Maturity investments are investments made by the bank which it intends to hold till maturity. Only debt securities can be classified as HTM because they have a definite maturity. A HTM investment is reported on balance sheet at its amortized cost.
10. **SLR:** SLR is the ratio of compulsory ratio of deposit that bank has to maintain in form of cash, gold, other securities prescribe by RBI.
11. **CRR:** CRR is the ratio of total deposit that banks need to keep as a reserve with RBI (Reserve Bank of India) in form of cash instead of keeping amount with them.

FINANCIAL PERFORMANCE	MEASURE
PROFITABILITY	RETURN ON ASSETS(ROA); RETURN ON EQUITY(ROE); Operating Profit Ratio (OPRTA)
ASSET QUALITY	Net NPA/Net Advances (NPANA)

LIMITATIONS OF THE STUDY:

Certain limitations have been perceived and are acknowledged herewith:

1. The results of the study cannot be generalized to other bank groups.
2. The study restricted to only 2 Private Sector Banks and 2 Public Sector Banks in Bengaluru.
3. The incidence of the financial performance is explained with special reference to the selected banks.
4. Influence of regulatory measures taken after the study period might influence the findings of the study.
5. The recent crisis of Yes bank in March 2020 with the failure of deposits to keep pace with the loans has led to low asset quality and very poor governance.

PROFILE OF THE BANKS

1) UCO Bank:

Overview

Founded in 1943, UCO Bank is a commercial bank and a Government of India Undertaking. Its Board of Directors consists of government representatives from the Government of India and Reserve Bank of India as well as eminent professionals like accountants, management experts, economists, businessmen, etc.

Vision Statement

To emerge as the most trusted, admired and sought-after world class financial institution and to be the most preferred destination for every customer and investor and a place of pride for its employees.

Mission Statement

To be a Top-class Bank to achieve sustained growth of business and profitability, fulfilling socio-economic obligations, excellence in customer service; through upgradation of skills of staff and their effective participation making use of state-of-the-art technology.

Global banking has changed rapidly, and UCO Bank has worked hard to adapt to these changes. The Bank looks forward to the future with excitement and a commitment to bring greater benefits to people.

UCO Bank, with years of dedicated service to the Nation through active financial participation in all segments of the economy - Agriculture, Industry, Trade & Commerce, Service Sector, Infrastructure Sector etc., is keeping pace with the changing environment. With a countrywide network of more than 3000 service units which includes specialized and computerized branches in India and overseas, UCO Bank has marched into the 21st Century matched with dynamism and growth.

Country-wide presence Overseas Presence with Profitable Overseas Operations Strong Capital Base High Proportion of Long-Term Liabilities A Well Diversified Asset Portfolio A Large and Diversified Client Base All Branches under Core Banking Solution (CBS) Branch representation in Top 100 Centers (as per deposits) in the country

Organization Structure

Headquartered in Kolkata, the Bank has 42 Zonal Offices spread all over India. Branches located in a geographical area report to the Zonal Office having jurisdiction over that area. These Zonal Offices are headed by Senior Executives ranging up to the rank of General Manager, depending on size of business and importance of location. The Zonal Offices report to the respective Head Office Departments headed by General

Managers/senior Deputy General Managers.

Commitment to Customers

In all our promotional activities, we will be fair and reasonable in highlighting the salient features of the schemes marketed by us. Misleading or unfair highlighting of any aspect of any scheme/service marketed by the Bank leading to unfair practice shall not be resorted to by the Bank.

In commemorating the 50th Year of Independence of India, the Bank released a booklet entitled "Our Commitment to Customers" incorporating the Citizens' Charter on services provided by the Bank.

In continuing endeavor to serve our customers better, we have considerably extended the business hours for public transaction at the branches on all weekdays.

2) ICICI Bank:

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities and would create the optimal legal structure for the ICICI group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

Corporate Social Responsibility (CSR) has been a long-standing commitment at ICICI Bank and forms an integral part of our activities. The Bank's contribution to social sector development includes several pioneering interventions and is implemented through the involvement of stakeholders within the Bank and the broader community. The Bank established the ICICI Foundation for Inclusive Growth (ICICI Foundation) in 2008 with a view to significantly expand the activities in the area of CSR. Over the last few years ICICI Foundation has developed significant projects in specific areas and has built capabilities for direct project implementation as opposed to extending financial support to other organizations. The objective of the Bank is too pro-actively support meaningful socio-economic development in India and enable a larger number of people to participate in

and benefit from India's economic progress. This is based on the belief that growth and development are effective only when they result in wider access to opportunities and benefit a broader section of society. The aim is to identify critical areas of development that require investments and intervention, and which can help to realize India's potential for growth and prosperity. The Corporate Social Responsibility Policy (CSR Policy) of the Bank sets out the framework guiding the Bank's CSR activities. The Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities. B. Scope of Corporate Social Responsibility Policy The policy would pertain to all activities undertaken by the Bank towards fulfilling its corporate social responsibility objectives. The policy would also ensure compliance with section 135 of the Companies Act, 2013 (CA2013/Act) and would include the activities as covered under Schedule VII to the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 and as amended from time to time. C. Governance structure The Corporate Social Responsibility Committee (CSR Committee) is the governing body that will articulate the scope of CSR activities for the Bank and ensure compliance with the CSR Policy. The CSR Committee would comprise of three or more Directors including at least one independent Director. The Bank has a CSR Committee which is duly constituted in accordance with the provisions of the Act with respect to its composition and terms of reference. D. Operating framework 1. The CSR Committee has duly formulated the CSR policy which has been approved by the Board as prescribed under CA2013. The CSR plan would operate as prescribed by the CSR Committee and under its supervision. 4 2. Activities undertaken by the Bank may include projects being implemented directly by the Bank as well as contributions to ICICI Foundation and other eligible entities with track record and standing in line with regulation and as may be decided by the CSR Committee from time to time. 3. The responsibility for implementation of identified activities/ projects shall be as per the organizational structure approved by the Managing Director & CEO. 4. Funds would be disbursed in accordance with the directions of the CSR Committee. E. Monitoring the CSR Committee shall ensure a transparent monitoring mechanism for CSR activities. 1. The CSR Committee shall review the progress of CSR activities at least twice a year, including the annual review. 2. The Board of Directors shall review the progress of CSR activities at least annually. 3. The activities of ICICI Foundation for Inclusive Growth (ICICI Foundation) would also be overseen by the Governing Council of ICICI Foundation. F. Disclosure the Bank shall include in its annual report, commencing with the annual report for the year ending March 31, 2015, the disclosures as prescribed under Companies Act, 2013 and the rules as amended from time to time.

The Bank's primary focus areas for CSR activities are: 1. Education 2. Health care 3. Skill development and sustainable livelihoods 4. Financial inclusion 5. Support employee engagement in CSR activities 6. Capacity building for corporate social responsibility 7. Other areas ICICI Bank will continue to provide support to specific needs such as during natural disasters, through financial as well as logistical support.

3) SBI Bank:

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2 June 1806. Three years later the bank received its charter and was re-designed as the Bank of Bengal (2 January 1809). A unique institution, it was the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) followed the Bank of Bengal. These three banks remained at the apex of modern banking in India till their amalgamation as the Imperial Bank of India on 27 January 1921.

Primarily Anglo-Indian creations, the three presidency banks came into existence either as a result of the compulsions of imperial finance or by the felt needs of local European commerce and were not imposed from outside in an arbitrary manner to authorize India's economy. Their evolution was, however, shaped by ideas culled from similar developments in Europe and England, and was influenced by changes occurring in the structure of both the local trading environment and those in the relations of the Indian economy to the economy of Europe and the global economic framework.

Establishment

The establishment of the Bank of Bengal marked the advent of limited liability, joint-stock banking in India. So was the associated innovation in banking, viz. the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. This right of note issue was very valuable not only for the Bank of Bengal but also its two siblings, the Banks of Bombay and Madras.

It meant an accretion to the capital of the banks, a capital on which the proprietors did not have to pay any interest. The concept of deposit banking was also an innovation because the practice of accepting money for safekeeping (and in some cases, even investment on behalf of the clients) by the indigenous bankers had not spread as a general habit in most parts of India. But, for a long time, and especially upto the time that the three presidency banks had a right of note issue, bank notes and government balances made up the bulk of the investible resources of the banks.

The three banks were governed by royal charters, which were revised from time to time. Each charter provided for a share capital, four-fifth of which were privately subscribed, and the rest owned by the provincial government. The members of the board of directors, which managed the affairs of each bank, were mostly proprietary directors representing the large European managing agency houses in India. The rest were government nominees, invariably civil servants, one of whom was elected as the president of the board.

Business

The business of the banks was initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs.one lakh and the period of accommodation confined to three months only. The security for such loans was public securities, commonly called Company's Paper, bullion, treasure, plate, jewels, or goods 'not of a perishable nature' and no interest could be charged beyond a rate of twelve per cent. Loans against goods like opium, indigo, salt 543uthori, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. All commodities, including tea, sugar and jute, which began to be financed later, were either pledged or hypothecated to the bank. Demand promissory notes were signed by the borrower in favor of the guarantor, which was in turn endorsed to the bank. Lending against shares of the banks or on the mortgage of houses, land or other real property was, however, forbidden.

Indians were the principal borrowers against deposit of Company's paper, while the business of discounts on private as well as salary bills was almost the exclusive monopoly of individuals Europeans and their partnership firms. But the main function of the three banks, as far as the government was concerned, was to help the latter raise loans from time to time and also provide a degree of stability to the prices of government securities.

Major change in the conditions

A major change in the conditions of operation of the Banks of Bengal, Bombay and Madras occurred after 1860. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was abolished, and the Government of India assumed from 1 March 1862 the sole power of issuing paper currency within British India. The task of management and circulation of the new currency notes was conferred on the presidency banks and the Government undertook to transfer the Treasury balances to the banks at places where the banks would open branches. None of the three banks had till then any branches (except the sole attempt and that too a short-lived one by the Bank of Bengal at Mirza pore in 1839) although the charters had given them such authority. But as soon as the three presidency bands were assured of the free use of government Treasury balances at places where they would open branches, they embarked on branch expansion at a rapid pace. By 1876, the branches, agencies and sub agencies of the three presidency banks covered most of the major parts and many of the inland trade centers in India. While the Bank of Bengal had eighteen branches including its head office, seasonal branches and sub agencies, the Banks of Bombay and Madras had fifteen each.

Presidency Banks Act

The presidency Banks Act, which came into operation on 1 May 1876, brought the three presidency banks under a common statute with similar restrictions on business. The proprietary connection of the Government was, however, terminated, though the banks continued to hold charge of the public debt offices in the three presidency towns, and the custody of a part of the government balances. The Act also stipulated the creation of Reserve Treasuries at Calcutta, Bombay and Madras into which sums above the specified minimum balances promised to the presidency banks at only their head offices were to be lodged. The Government could lend to the presidency banks from such Reserve Treasuries, but the latter could look upon them more as a favor than as a right.

Bank of Madras

The decision of the Government to keep the surplus balances in Reserve Treasuries outside the normal control of the presidency banks and the connected decision not to guarantee minimum government balances at new places where branches were to be opened effectively checked the growth of new branches after 1876. The pace of expansion witnessed in the previous decade fell sharply although, in the case of the Bank of Madras, it continued a modest scale as the profits of that bank were mainly derived from trade dispersed among several port towns and inland centers of the presidency.

India witnessed rapid authorization in the last quarter of the nineteenth century as its railway network expanded to cover all the major regions of the country. New irrigation networks in Madras, Punjab and Sind accelerated the process of conversion of subsistence crops into cash crops, a portion of which found its way into the foreign markets. Tea and coffee plantations transformed large areas of the eastern Terais, the hills of Assam and the Nilgiris into regions of estate agriculture par excellence. All these resulted in the expansion of India's international trade more than six-fold. The three presidency banks were both beneficiaries and promoters of this 544 uthorized 544 zation process as they became involved in the financing of practically every trading, manufacturing and mining activity in the sub-continent. While the Banks of Bengal and Bombay were engaged in the financing of large modern manufacturing industries, the Bank of Madras went into the financing of large modern manufacturing industries, the Bank of Madras went into the financing of small-scale industries in a way which had no parallel elsewhere. But the three banks were rigorously excluded from any business involving foreign exchange. Not only was such business considered risky for these banks, which held government deposits, it was also feared that these banks enjoying government patronage would offer unfair competition to the exchange banks which had by then arrived in India. This exclusion continued till the creation of the Reserve Bank of India in 1935.

Presidency Banks of Bengal

The presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged in 1921 to form the Imperial Bank of India. The triad had been transformed into a monolith and a giant among Indian commercial banks had emerged. The new bank took on the triple role of a commercial bank, a banker's bank and a banker to the government.

But this creation was preceded by years of deliberations on the need for a 'State Bank of India'. What eventually emerged was a 'half-way house' combining the functions of a commercial bank and a quasi-central bank.

The establishment of the Reserve Bank of India as the central bank of the country in 1935 ended the quasi-central banking role of the Imperial Bank. The latter ceased to be bankers to the Government of India and instead became agent of the Reserve Bank for the transaction of government business at centers at which the central bank was not established. But it continued to maintain currency chests and small coin depots and operate the remittance facilities scheme for other banks and the public on terms stipulated by the Reserve Bank. It also acted as a bankers' bank by holding their surplus cash and granting them advances against authorized securities. The management of the bank clearing houses also continued with it at many places where the Reserve Bank did not have offices. The bank was also the biggest tenderer at the Treasury bill auctions conducted by the Reserve Bank on behalf of the Government.

The establishment of the Reserve Bank simultaneously saw important amendments being made to the constitution of the Imperial Bank converting it into a purely commercial bank. The earlier restrictions on its business were removed and the bank was permitted to undertake foreign exchange business and executor and trustee business for the first time.

Imperial Bank

The Imperial Bank during the three and a half decades of its existence recorded an impressive growth in terms of offices, reserves, deposits, investments and advances, the increases in some cases amounting to more than six-fold. The financial status and security inherited from its forerunners no doubt provided a firm and durable platform. But the lofty traditions of banking which the Imperial Bank consistently maintained and the high standard of integrity it observed in its operations inspired confidence in its depositors that no other bank in India

could perhaps then equal. All these enabled the Imperial Bank to acquire a pre-eminent position in the Indian banking industry and also secure a vital place in the country's economic life.
When India attained freedom, the Imperial Bank had a capital base (including reserves) of Rs.11.85 crores, deposits and advances of Rs.275.14 crores and Rs.72.94 crores respectively and a network of 172 branches and more than 200 sub offices extending all over the country.

First Five-Year Plan

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order, therefore, to serve the economy in general and the rural sector in particular, the All-India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. More than a quarter of the resources of the Indian banking system thus passed under the direct control of the State. Later, the State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries (later named Associates).

The State Bank of India was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three Local Head Offices inherited from the Imperial Bank. The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking subserving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development.

4) AXIS BANK

Axis Bank is the third largest private sector bank in India. The Bank offers the entire spectrum of financial services to customer segments covering Large and Mid-Corporates, MSME, Agriculture and Retail Businesses.
The Bank has a large footprint of 4,050 domestic branches (including extension counters) with 11,801 ATMs & 4,917 cash recyclers spread across the country as on 31st March 2019. The overseas operations of the Bank are spread over nine international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC), Colombo and Shanghai; representative offices at Dhaka, Dubai, Abu Dhabi and an overseas subsidiary at London, UK. The international offices focus on corporate lending, trade finance, syndication, investment banking and liability businesses.
Axis Bank is one of the first new generation private sector banks to have begun operations in 1994. The Bank was promoted in 1993, jointly by Specified Undertaking of Unit Trust of India (SUUTI) (then known as Unit Trust of India), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India Insurance Company Ltd. The shareholding of Unit Trust of India was subsequently transferred to SUUTI, an entity established in 2003.
With a balance sheet size of Rs. 8,00,997 crores as on 31st March 2019, Axis Bank has achieved consistent growth and with a 5-year CAGR (2013-14 to 2018-19) of 16% in Total Assets, 14% in Total Deposits, 17% in Total Advances
Vision of the Bank
To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology
Core Values

- Customer Centricity
- Ethics
- Transparency
- Teamwork
- Ownership

A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders (including shareholders, depositors and employees) the Bank has formulated a 'Whistleblower Policy'. The Policy provides stakeholders with the opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors, if any, committed by the Bank's personnel by approaching a committee of senior officials of the Bank, set-up for the purpose (known as the Whistleblower Committee). Concerns relating to senior management can be reported directly to the Audit Committee of the Board. The Policy is intended to encourage stakeholders to report suspected or actual occurrence of illegal, unethical, or inappropriate actions, behavior or practices by staff without fear of retribution. To ensure smooth flow and management of complaints under Whistleblower policy, a web-based application – www.cwiportal.com has also been set up which provides an option for anonymous reporting thereby enabling the stakeholders to lodge their complaints online over a secure platform without fear of revelation of identity. The Policy contains provisions protecting Whistleblowers from any unfair action prejudicial to their interest. The Audit Committee of the Board reviews, on a quarterly basis, a synopsis of the complaints received and the resolution thereof.

5) CANARA BANK

Founded as 'Canara Bank Hindu Permanent Fund' in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as 'Canara Bank Ltd.' in 1910 and became Canara Bank in 1969 after nationalization.
Founding Principles

1. To remove Superstition and ignorance.
2. To spread education among all to sub-serve the first principle.
3. To inculcate the habit of thrift and savings.
4. To transform the financial institution not only as the financial heart of the community but the social

heart as well.

5. To assist the needy.
6. To work with sense of service and dedication.
7. To develop a concern for fellow human being and sensitivity to the surroundings with a view to make changes/remove hardships and sufferings.

Sound founding principles, enlightened leadership, unique work culture and remarkable adaptability to changing banking environment have enabled Canara Bank to be a frontline banking institution of global standards.

Significant Milestones

1st July 1906	Canara Hindu Permanent Fund Ltd. formally registered with a capital of 2000 shares of 50/- each, with 4 employees.
1910	Canara Hindu Permanent Fund renamed as Canara Bank Limited
1969	14 major banks in the country, including Canara Bank, nationalized on July 19
1976	1000th branch inaugurated
1983	Overseas branch at London inaugurated Can card (the Bank's credit card) launched
1985	Takeover of Lakshmi Commercial Bank Limited Commissioning of Indo Hong Kong International Finance Limited
1987	Canbank Mutual Fund & Canfin Homes launched
1989	Canbank Venture Capital Fund started
1989-90	Canbank Factors Limited, the factoring subsidiary launched
1992-93	Became the first Bank to articulate and adopt the directive principles of "Good Banking".
1995-96	Became the first Bank to be conferred with ISO 9002 certification for one of its branches in Bangalore
2001-02	Opened a 'Mahila Banking Branch', first of its kind at Bangalore, for catering exclusively to the financial requirements of women clientele.
2002-03	Maiden IPO of the Bank
2003-04	Launched Internet Banking Services

2004-05	100% Branch computerization
2005-06	Entered 100th Year in Banking Service. Launched Core Banking Solution in select branches. Number One Position in Aggregate Business among Nationalized Banks.
2006-07	Retained Number One Position in Aggregate Business among Nationalized Banks. Signed MoUs for Commissioning Two JVs in Insurance and Asset Management with international majors viz., HSBC (Asia Pacific) Holding and Robeco Groep N.V respectively.
2007-08	Launching of New Brand Identity. Incorporation of Insurance and Asset Management JVs. Launching of 'Online Trading' portal. Launching of a 'Call Centre'. Switchover to Basel II New Capital Adequacy Framework.
2008-09	The Bank crossed the coveted 3 lakh crore in aggregate business. The Bank's 3rd foreign branch at Shanghai commissioned.
2009-10	The Bank's aggregate business crossed 4 lakh crore mark. Net profit of the Bank crossed 3000 crores. The Bank's branch network crossed the 3000 marks.
2010-11	The Bank's aggregate business crossed 5 lakh crore mark. Net profit of the Bank crossed 4000 crores. 100% coverage under Core Banking Solution. The Bank's 4th foreign branch at Leicester and a Representative office at Sharjah, UAE, opened. The Bank raised 1993 crore under QIP. Govt. holding reduced to 67.72% post QIP.
2011-12	Total number of branches reached 3600. The Bank's 5th foreign branch at Manama, Bahrain opened.
2012-13	Highest Dividend of 130% paid for the year
2013-14	1027 branches and 2786 ATMs opened during the year. Global business crossed the 7-lakh crore milestone. Switchover to Basel III New Capital Adequacy Framework.
2014-15	Global Business of the Bank crossed 8 lakh crore.
2015-16	The Bank's 8th foreign branch at DIFC (Dubai) opened.
2016-17	Branch network crossed 6000 milestones. Total number branches rose to 6083. Canara Bank (Tanzania) Ltd., a foreign subsidiary, opened.
2017-18	Global Business of the Bank crossed 9 lakh crores.

VISION

To emerge as a 'Preferred Bank' by pursuing global benchmarks in profitability, operational efficiency, asset quality, risk management and expanding the global reach.

MISSION

To provide quality banking services with good customer care, create value for all stakeholders and continue as a responsive corporate social citizen.

6) YES BANK

YES BANK has been **recognized amongst the Top and Fastest Growing Banks** in various Indian Banking League Tables **by prestigious media houses and Global Advisory Firms** and has received several national and international honors for our various Businesses including Corporate Investment Banking, Treasury, Transaction Banking, and Sustainable practices through Responsible Banking. YES BANK is steadily evolving as the Professionals' Bank of India with the long-term mission of **'Finest Quality Large Bank in India' by 2020**

YES BANK, India's fourth largest private sector bank is a high quality, customer centric and service driven Bank. Since inception in 2004, YES BANK has grown into a 'Full Service Commercial Bank' providing a complete range of products, services and technology driven digital offerings, catering to corporate, MSME & retail customers. YES BANK operates its investment banking, Merchant banking & Brokerage businesses through YES SECURITIES and its Mutual Fund business through YES Asset Management (India) Limited, both wholly owned subsidiaries of the Bank. Headquartered in Mumbai, it has a pan-India presence across all 29 states and 7 Union Territories in India including an IBU at GIFT City, and a Representative Office in Abu Dhabi.

Brand Ethos

To be the Professionals' Bank of India

Vision:

Building the Finest Quality Large Bank of the World in India

Mission

To establish a high-quality, customer-centric, service-driven, private Indian Bank catering to the 'Future Businesses of India'

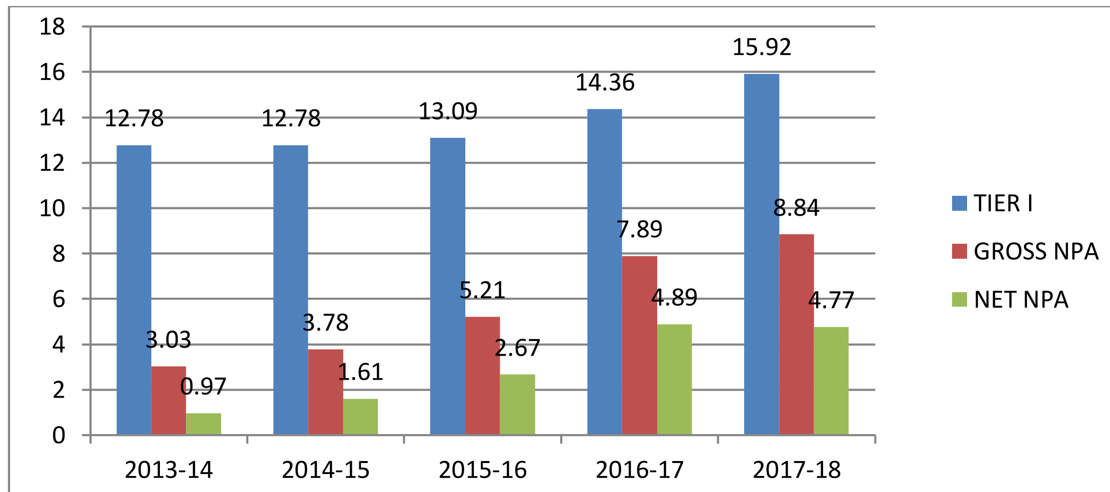
On 5th March 2020 to avoid the collapse of the bank, which had an excessive amount of bad loans, the Reserve Bank of India (RBI) took control of it. RBI later reconstructed the board and named Prashant Kumar, former Chief financial officer of SBI, as new MD & CEO at Yes Bank. Yes Bank is an associate of State Bank of India which has a 30% stake in the company as of 28th July 2020.

DATA ANALYSIS:

Among the total population, a sample of nine banks, i.e., top 3 leading banks from each sector was selected for this study. Based on the Total assets held by them, the selected banks were SBI, Canara Bank and UCO Bank from Public sector banks, ICICI Bank, Yes Bank and Axis Bank from Private Sector Banks operating in India. For analysis purpose, percentage of Tier-I Capital to Risk Weighted Assets and Total Capital Adequacy Ratio (CAR) for the past five years from 2013 to 2018, i.e., before and after implementation of Basel III norms were collected from the websites of respective banks. To know the changes brought from the implementation of Basel III, trend analysis used to compare the average of the Tier 1 Total Capital Adequacy Ratio and Gross and Net NPA of before and after adoption of Basel III regime on the selected banks.

As per the above discussion, it can be concluded that, Though Indian Banks were in the initial Phase of Basel III, it does not put much pressure on Private and Foreign Banks as compared to Public Sector Banks. This can be inferred as Indian Government put its obligatory fund (maximum extent) on Public Sector Banks to comply the Basel III Norm before January 1, 2019. On the other hand, Private and Foreign Banks were moving more efficiently in complying with the new norms.

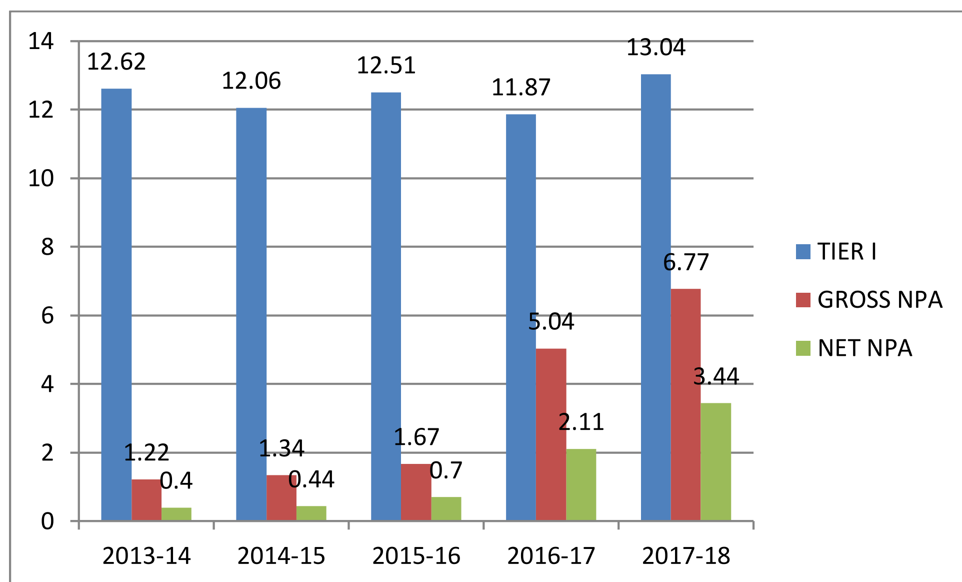
ICICI BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	12.78	12.78	13.09	14.36	15.92
GROSS NPA	3.03	3.78	5.21	7.89	8.84
NET NPA	0.97	1.61	2.67	4.89	4.77



Interpretation:

Over the years the Net NPA of ICICI bank has increased due to the lending policies adopted by the bank and due to the loan frauds, poor deployment of funds and regulatory impositions.
On comparison of the net NPA from 13-14 till 14-15 there is an increase of 66% and even in the following year the increase of net NPA remains the same.
There is a rapid increase in Net NPA in 16-17 when compared to 15-16.
In the year 17-18 due to the effective regulatory measures there is a meagre downward change in net NPA of the ICICI bank.

AXIS BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I-CAR	12.62	12.06	12.51	11.87	13.04
GROSS NPA	1.22	1.34	1.67	5.04	6.77
NET NPA	0.4	0.44	0.7	2.11	3.44

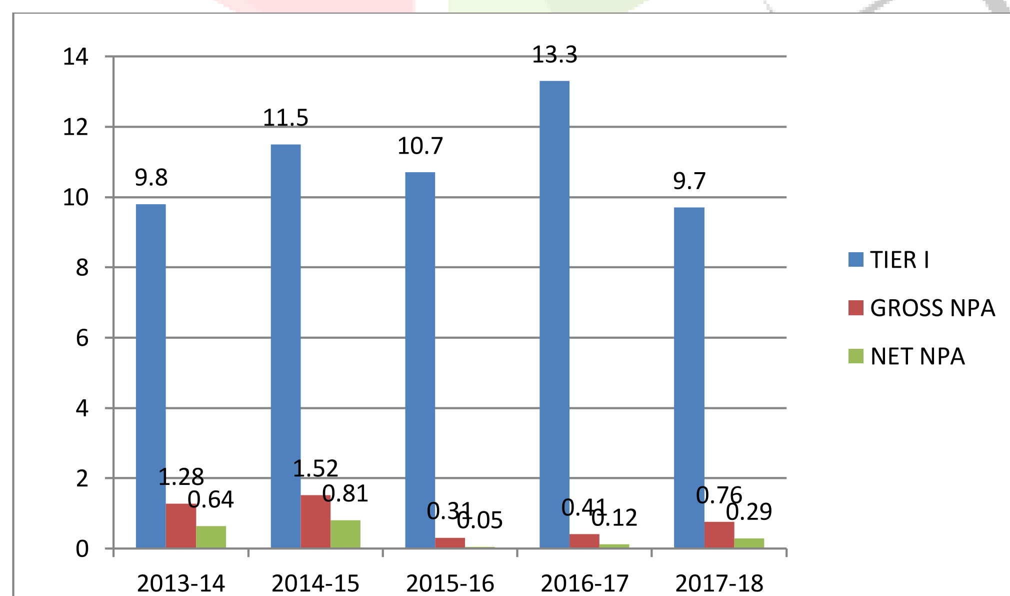


Interpretation :

For axis bank, the net NPA has tremendously increased in 16-17 mainly due to the project loans which haven't materialised for the bank to reduce NPAs.

Fortunately, the bank has been able to reduce the NPA level 17-18 by re-orienting the corporate lending business towards working capital loans.

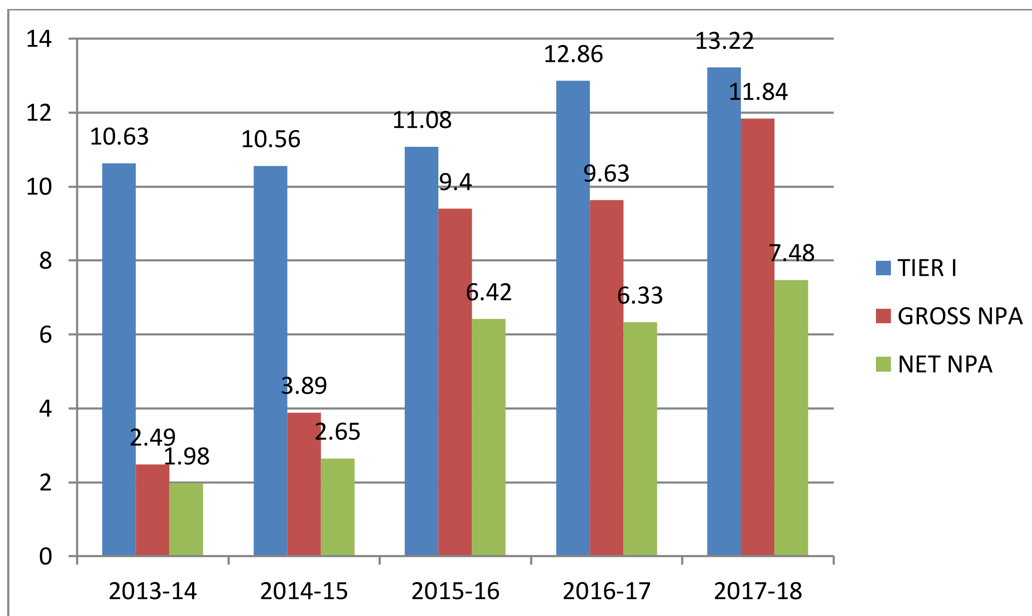
YES BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I-CAR	9.8	11.5	10.7	13.3	9.7
GROSS NPA	1.28	1.52	0.31	0.41	0.76
NET NPA	0.64	0.81	0.05	0.12	0.29



Interpretation:

Due to stressed assets in real estate, media and entertainment and infrastructure sectors, yes bank has drastically increased its NPA in 17-18 from having the lowest NPA in the year 15-16 . the bank has failed to maintain an optimum level of NPA.

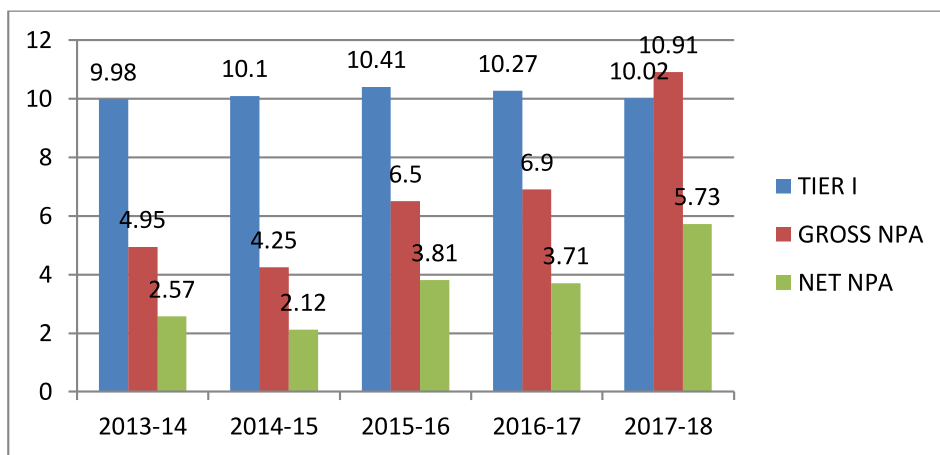
CANARA BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I-CAR	10.63	10.56	11.08	12.86	13.22
GROSS NPA	2.49	3.89	9.4	9.63	11.84
NET NPA	1.98	2.65	6.42	6.33	7.48



Interpretation:

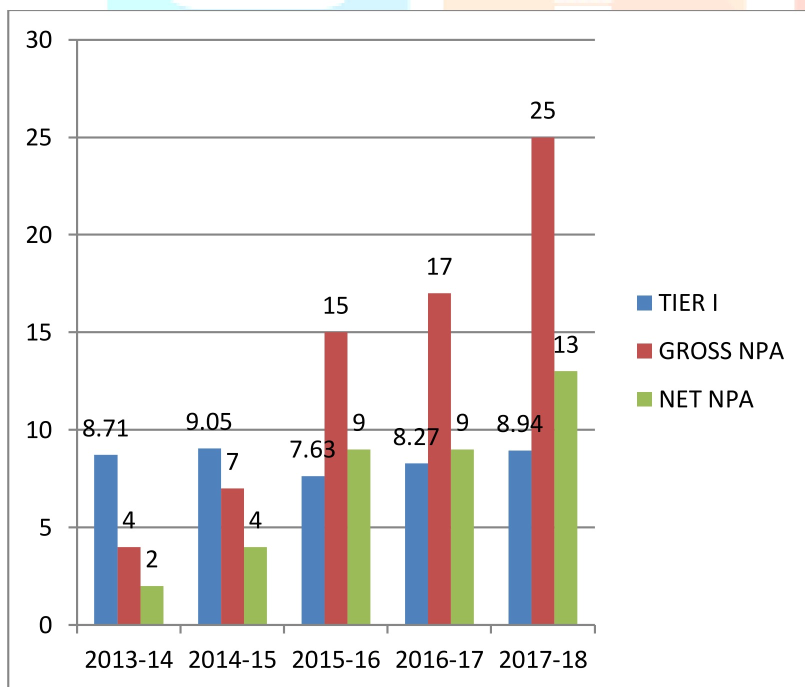
Canara bank was in a position to control its level of NPA in 16-17 compared to 17-18

SBI BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I-CAR	9.98	10.1	10.41	10.27	10.02
GROSS NPA	4.95	4.25	6.5	6.9	10.91
NET NPA	2.57	2.12	3.81	3.71	5.73



Interpretation: SBI is having fluctuating level of NPAs with initial decrease and later showing increase and decrease trends.

UCO BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I- CAR	8.71	9.05	7.63	8.27	8.94
GROSS NPA	4	7	15	17	25
NET NPA	2	4	9	9	13



Interpretation:

Uco bank could control its NPAs in 16-17 but in 17-18 it has increased.

ICICI BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	12.78	12.78	13.09	14.36	15.92
GROSS NPA	3.03	3.78	5.21	7.89	8.84
NET NPA	0.97	1.61	2.67	4.89	4.77
trend percentages of net NPA	100	165.9794	165.8385	183.1461	97.54601227
comparative changes	65.97938	65.83851	83.14607	-2.45399	-100
AXIS BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	12.62	12.06	12.51	11.87	13.04
GROSS NPA	1.22	1.34	1.67	5.04	6.77
NET NPA	0.4	0.44	0.7	2.11	3.44
trend percentages of net NPA	100	110	159.0909	301.4286	163.0331754
comparative changes	10	59.09091	201.4286	63.03318	-100
YES BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	9.8	11.5	10.7	13.3	9.7
GROSS NPA	1.28	1.52	0.31	0.41	0.76
NET NPA	0.64	0.81	0.05	0.12	0.29
trend percentages of net NPA	100	126.5625	6.17284	240	241.6666667
comparative changes	26.5625	-93.8272	140	141.6667	-100
CANARA BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	10.63	10.56	11.08	12.86	13.22
GROSS NPA	2.49	3.89	9.4	9.63	11.84
NET NPA	1.98	2.65	6.42	6.33	7.48
trend percentages of net NPA	100	133.8384	242.2642	98.59813	118.1675
comparative changes	33.83838	142.2642	-1.40187	18.16746	-100
SBI BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	9.98	10.1	10.41	10.27	10.02
GROSS NPA	4.95	4.25	6.5	6.9	10.91
NET NPA	2.57	2.12	3.81	3.71	5.73
trend percentages of net NPA	100	82.49027	179.717	97.37533	154.4474
comparative changes	-17.5097	79.71698	-2.62467	54.44744	-100
UCO BANK					
YEAR	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
TIER I	8.71	9.05	7.63	8.27	8.94
GROSS NPA	4	7	15	17	25
NET NPA	2	4	9	9	13
trend percentages of net NPA	100	200	225	100	144.4444
comparative changes	100	125	0	44.44444	-100

- **Findings**

A summary of the findings regarding aforesaid analyses is discussed below.

- The selected commercial banks in this research cover more than half of market share among Indian Banking Industry based on its business that is their deposits and lending capacities. The impact of Basel III amenability affects more on Public Sector Banks than Private sector Banks. Though it is difficult to manage financial support initially, but later, this will resist huge loss of economic financial stress as well as the liquidness in the mere future.
- Priority to be given to Basel III compliance at every point of the organization's decision because it is comprehensively interconnected to every movement of the organization, viz., Liquidity, Interest rates, Lending, Investments etc.
- In the year 2017-20118 due to the effective regulatory measures there is a meagre downward change in net NPA of the ICICI bank.
- AXIS bank has been able to reduce the NPA level 17-18 by re-orienting the corporate lending business towards working capital loans.
- Yes bank has drastically increased its NPA in 17-18 from having the lowest NPA in the year 15-16. the bank has failed to maintain an optimum level of NPA.
- Canara bank was in a position to control its level of NPA in 16-17 compared to 17-18.
- SBI BANK has been able to maintain NPA below six over the years
- Uco bank could control its NPAs in 16-17 but in 17-18 it has increased.

Foot Note: YES Bank

On 5th March 2020, the Reserve Bank of India (RBI) announced that, in the interest of its customers and depositors, it would suspend and supersede Yes Bank's board and impose a 30-day moratorium on its operations. The RBI cited Yes Bank's failures to raise new funding to cover its non-performing assets, inaccurate statements of confidence in its ability to receive new funding, and its underreporting of its non-performing assets, among other factors, as the impetus for this moratorium. Customers are being limited from withdrawing more than ₹50,000 (US$700) from their accounts, except in certain exceptional circumstances (such as to cover medical care, emergencies, higher education, and "obligatory expenses" for ceremonies such as weddings). RBI governor Shaktikanta Das stated that the matter would be resolved "swiftly"; Finance Minister Nirmala Sitharaman announced a proposed turnaround plan, under which the State Bank of India would take a 49% stake in Yes Bank and introduce a new board.

On 6th March 2020, ICRA downgraded the rating of Yes Bank's ₹52,600 crore (US$7.4 billion) in core bonds to a "D" rating, while Moody's downgraded them to "Caa3". On 8th March 2020, Yes Bank founder Rana Kapoor was arrested by the Enforcement Directorate under charges of money laundering.

The moratorium caused major disruptions to e-commerce in India, due to several prominent services and online stores having used Yes Bank as its payment provider for UPI. Some services using Yes Bank in tandem with other payment providers have seen fewer disruptions.

On 13th March 2020, the Union Cabinet approved the reconstruction scheme for Yes Bank and that within three days of the notification of the scheme the moratorium would be lifted. During this reconstruction, seven investors infused ₹12,000 crore (US$1.7 billion) in Yes bank and Prashant Kumar was proposed as new CEO of the bank. These investors include State Bank of India, ICICI Bank, HDFC Bank, Axis Bank, Kotak Mahindra Bank, Rakesh Jhunjhunwala, Radhakishan Damani and Azim Premji trust.

In April 2021, Yes Bank was fined ₹25 crore (US$3.5 million) by SEBI for fraudulently selling risky bonds without the necessary warnings and risk assessments. The Securities Appellate Tribunal (SAT) imposed an interim stay on SEBI's order.

Suggestions

On comparing the financials of the selected banks, it is known that none of the banks have reduced the level of NPA. The banks have shown a trend with increased NPA levels, but the increased level have not affected the banks credibility to provide more loans to face more NPA levels. Through these observations it is suggested that:

- Banks run their operations with service motto. It is obvious that enforcement of capital adequacy norms improves asset quality but realistically a bank should diversify its risk levels by investing in high-quality liquid assets such as government securities, corporate bonds with AAA credit rating, and listed equity shares, after granting loans as per the limit authorized by RBI.
- Investments on liquid assets cannot meet with the compliance of Liquidity Coverage Ratio as per Basel III. However, the liquidity position will remain a key essence for banks during a financial crisis.
- Since this research identified that Public and Private Sector Banks are majorly affected by Basel III implementation, if RBI reduces Capital Adequacy Ratio it will help in reducing the burden of accommodating the additional capital.
- The capital adequacy norms aim at stability of the banks and as a result, it tries to minimize the riskiness of the assets in the portfolio of the banks. Although there is no prior evidence of the impact of Basel regulations on the social performance of the banks, yet it forms an important indicator of bank performance from the point of view of the Indian banking sector. A glimpse into a couple of social performance indicators across would provide us with a better understanding of the financial performance of the Indian banking sector and give us new perspectives about the variation across the different ownerships.
- The government must be financially sound to accomplish Basel III compliance by funding Public Sector Banks maximum of core capital or else simultaneously reduce the value of Total Risk-Weighted Assets. Because of this additional requirement, banks need a quality capital through common equity to ensure its financial stability during these stressful periods.

The Narasimhan Committee report and the banking sector reforms report paved the way for gradual implementation of Basel Norms in India. Among the few significant changes brought in by the reforms was the implementation of regulatory capital which fosters a good measure for efficient capital allocation within the bank. Compliance to these norms and in the run for its existence in the competitive environment, the banks objectively incubated diverging portfolio of products and services leading to a change in the capital allocation and business operations of the banks. Thus, the research discussed the impact of CAR on various aspects of economy and the banking sector in detail. The existing set of literature documents that the change in the portfolio composition of the banks by an increased government investments, limited loans, and advances to achieve a balance between the profitability and stability. The existence of the realistic evidence pertaining to this effect remains a comparatively unexplored in the global context or for any economy.

CONCLUSION:

The research had undergone with the conceptual framework of Basel norms. It analyses the changes brought from Basel III in Capital Requirement and Non-Performance of Assets. Secondly, it examines and evaluate the efficiency of the selected banks during the study period. With the support of efficient results, the impact of Capital Adequacy Ratio on the performance of the selected banks is analyzed. Finally, Basel III, the newly redefined capital definition, over the earlier Basel II framework has been incorporated in a transitional manner by the RBI. The capital enhancement ensures both positive and negative impact on the Indian banking system. The efficiency witnessed a declining trend in the performance of selected banks during the Basel III implementation period and the motto behind the implementation of Basel III was to safeguard the stakeholders of the banks. Significant challenges posed by Basel III are the introduction of new capital and the creation of new risk management culture will ensure a solid platform for sound and secured banking.

On 5th March 2020, the Reserve Bank of India (RBI) announced that, in the interest of its customers and depositors, it would suspend and supersede Yes Bank's board and impose a 30-day moratorium on its operations. The RBI cited Yes Bank's failures to raise new funding to cover its non-performing assets, inaccurate statements of confidence in its ability to receive new funding, and its underreporting of its non-performing assets, among other factors, as the impetus for this moratorium.

Due to COVID -19 PANDAMIC the implementation of Basel III is not complete, even though it is implemented to a large extent by majority of banks, RBI has extended the time limit for its 100 percent implementation

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