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**Banking Sector in India – An Intersectoral Analysis****Dr. Soheli Ghose \* & Mr. Suyash Luhariwala\*\***

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**Abstract**

*The Banking system in India is the backbone of our economy and the quality of assets held by the banks is a critical indicator of the health of the financial system. In the last decade the Indian Banking system has witnessed a massive growth of Non Performing Assets. The BASEL III norms also have had an impact on the categorization of NPAs. As on March 31, 2016, total distressed assets of banks were Rs.611607 crore which is 5.39% of the total GDP of India at constant prices for that year. NPAs are value destroyers of the economy. In this study we have compared and analysed the proportion of NPAs in public sector, private sector and foreign banks and analysed the interrelation between NPAs and profitability of banks of all the three sectors. Overall in the Indian Banking System, the private sector banks have managed to keep NPA at low levels as compared with the Public Sector Banks.*

**Key words:** Banking Sector, Correlation and Non-Performing Assets.