ISSN:2229-6107

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY

E-mail :
editor.ijpast@gmail.com
editor@ijpast.in

www.ijpast.in

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST

ISSN 2229-6107 www.ijpast.in

Vol 13,Issue 3.July 2023

“"State Bank of India's Credit Risk Management"

KEDAR GOWRAV,D RANI

Abstract

The study's goal is to determine how credit risk impacts a bank's profitability. Capital adequacy (CAR), non-performing asset ratio (NPA), loan cost ratio (LDR), loan cost rate ratio (CLR) and coverage ratio (PCR), leverage ratio (LR), and non-performance ratio (NPR) are all factors that impact credit risk (NPAAR). Return on equity is a well-known metric for determining profitability (ROE). For the past 20 years, secondary data was obtained from the State Bank of India's annual reports (1997-2016). The data is analysed using a variety of regressions. According to the research, whereas NPAAR has a considerable negative impact on ROE, other ROE credit risk metrics are unaffected. Regardless, the State Bank of India's profits are significantly impacted by general credit risk. Due to inadequate credit risk management, the Indian State Bank is in difficulty. As a result, the State Bank of India's credit risk management practises should be improved. By eliminating non-performing assets and adhering to strict lending restrictions, the State Bank of India may be able to reduce credit risk.

INTRODUCTION

A credit risk is the danger of a borrower defaulting on a loan by failing to make due payments on schedule, resulting in the bond or interest being forfeited. A bank's ability to accept risk and/or grow capital is determined by its return. It assesses the bank's management quality and demonstrates its effectiveness. NPAs climbed from 5.1 in September 2015 to 7.6 in March 2016, up from 4.6 in March 2015.

Gross nonperforming assets (NPA) may reach 8.5 percent by March 2017, according to the RBI. The growth in nonperforming assets is attributed to increased credit risk, which has a negative effect on banking income. The State Bank of India's lending risk is being investigated to determine whether it has an impact on the bank's profitability over the next 20 years.

The student's hypothesis and research skills must be coordinated and applied. Increase direct knowledge and understanding of the organisation, especially regulatory capacity and group elements that influence it. Regular management framework techniques and competencies should be created (e.g. observation, planning and data collection). Learn more about your special skills and abilities. With your own eyes, you will see the sorts of identities, behaviours, methods, group interactions, practise, and other direct regulating ways that do not work and are unworthy. You'll also utilise vocabulary and operational phrases that professionals use on a daily basis in their communication.

LITERATURE REVIEW

The bank faces a lot of dangers, according to Li and Zou[6]. Because credit is one of commercial banks' key sources of income, credit risk is the bank's most important risk. And describe lending risk management as a planned method to managing uncertainty that includes risk assessment, risk management strategy design, and risk reduction via asset management, as well as the fact that lending risk management has an influence on bank profitability.

Due to the nature of banks' operations, credit risk is one of the most important hazards, according to Psillaki et al.[12]. Effective bank risk management contributes to the long-term survival and profitability of their operations, as well as systemic stability and efficient capital allocation within their economies.

Credit risk is described by Gestel and Baesens[16] as a small percentage of a customer's failure to pay that may result in considerable losses for the bank.

Assistant Professor
Department of MBA,
Viswam Engineering College (VISM) Madanapalle-517325 Chittoor District, Andhra Pradesh, India.

ISSN 2229-6107 www.ijpast.in

Vol 13,Issue 3.July 2023

The likelihood of loss as a consequence of the obligor's inability to repay loans or other types of credit is referred to as credit risk. Chen and Pan[18] define credit risk as the degree to which debt instruments and derivatives fluctuate as a result of changes in the borrowers' and contraparties' original credit quality.

According to Coyle [14], credit risk is a loss resulting from credit customers' refusal or inability to pay current charges in full and on schedule. The inability of the bank borrower (counterparties) to repay the money borrowed on time is the bank's risk of loss. Because the borrower does not meet his or her financial commitments to the bank according to the parameters agreed upon.

According to Gestel and Baesens[16], credit risk is the possibility that a debtor may fail to pay and fulfil his or her commitments to service obligations. If the counterparty is unable or unwilling to pay on time, this may occur. Suit Credit is defined as the risk that the credit quality of the opposing party would deteriorate unexpectedly (e.g. a bond issuer or bank borrower).

PROFITABILITY

Profitability is described by Li and Zoo[6] as a measure of a bank's ability to take risks or develop bank capital, as well as banking efficiency and management excellence.

According to Spaulding[5], banks, like other businesses, produce more money than they pay for profit. Interest on the bank's services and assets is how it generates money. The interest paid on the bank's commitments is the bank's largest expense. Banks may increase their profits by leveraging leverage and income as an asset return and equity return, according to the author. In addition, banks make better profits on stock than on borrowed assets.

Private sector banks' profitability is mostly due to higher treasury revenue rather than decreased operating costs, according to Indian credit rating and information services[13].

DUPONT EXAMINATION

DuPont was created in 1920, according to Alimazari [17], and is still used to measure profitability. The DuPont model is built on two ratios: profit margin and total asset return (ROA). The DuPont model has been widely used in financial analysis since its study of profitability and efficiency impacts ROA. After then, the focus of financial analysis switched from asset return to equity return (ROE).

[6] Li and Zou Because it is difficult to find appropriate indicators to properly quantify their results, Zou and Li DuPont's technique examines financial outcomes using the Return on Equity Model (RROE) and Return on Asset (ROA) analysis.

Guru et al.[9] shown the advantages of using ratios to analyse bank profitability. The author contended that ratios were used to measure profitability since price fluctuations had no influence on inflation-invariant ratios.

Banks are multi-product businesses that use ratio methods to minimise cross-subsidization of products and services[15].

TOOLS and VARIABLES

They chose 47 large European commercial banks and calculated ratios between 2007 and 2012 to examine whether there was a link between credit risk management and profitability; they also investigated to see if the link was constant or developing. Descriptive statistics and multiple regression analytics were used to check whether there was a link, and the mean and standard deviation were calculated to see if the relationship had changed. According to the study, the NPAAR alone had an impact on ROE and ROA, and credit risk management had a beneficial impact on commercial bank profitability. They also found that the connectivity between all of the proxies is unstable.

Poodle [8] tried to uncover a number of credit risk management characteristics and their influence on the financial performance of Nepal's 31 banks between 2001 and 2011. Default rates, loan costs,

ISSN 2229-6107 www.ijpast.in

Vol 13,Issue 3.July 2023

and equity percentage are employed as profitability measures in the assessment of credit risk management and ROA. They used descriptive statistics, correlations, and regression to analyse the data. According to the results, credit risk management measures had significant reversal effects on the bank's financial performance.

Kaaya and Pastory[4] looked at the relationship between the NPLR-measured risk of loans to 11 Tanzanian banks and the ROA-measured profitability of banks. Regression was used to analyse the data. According to studies, the credit risk indicator has a negative relationship, meaning that as credit risk rises, bank performance declines.

Samuel looked at the influence of credit risk on the top five Nigerian corporate banks' performance[10]. The necessity for this research was prompted by the negative effects of loan risks on a bank's profitability, as well as results that prompted stakeholders to take political action to increase the value of a bank's assets and reduce banking risk. Loans, credits, and advance ratios were not provided by the assessment of credit risk and ROA as profitability metrics. The non-performing credit and loan advance ratio, as well as total deposit advances, had a negative influence on profitability, according to the findings. The results of this research revealed a substantial link between bank performance and credit risk management.

From 2005 to 2013, Alshatti[11] investigated the financial impact of 13 commercial banks on credit risk management in Jordan. The leverage ratio, gross loan failure, and facility loss provision were utilised as credit risk management metrics. Financial success was measured using ROA and ROE.

AN EXPLANATION OF THE PROBLEM

The bank's profits are solely dependent on loans and advancements that help the economy and industry grow. The bank's credit risk increases if the borrower fails to repay the money owing to him. Lending and advances are the most common sources of credit risk for many institutions. Banks are gradually confronting credit risk in a variety of budgetary instruments other than progress, including assertions, bank transactions, trade finances, remote exchanges, cash related destinies, swaps, securities, securities, options, and the expansion of duties and guarantees as well as transaction settlement. As a result, the sources of credit risk, as well as the methods for controlling or reducing credit risk, must be examined.

ATTENDING THE STUDY

To avoid the loan being recognised as a default, the risk involved with the bank granting the loan to the borrower must be understood. Also, to determine how the bank may lower the risk connected with its loan. The many aspects of bank lending must be examined in order for the loan to be lowered while profitability is maintained.

THE OBJECTIVE OF THE RESEARCH

To begin, it is necessary to comprehend the role of a risk management department known as a risk management office, as well as the methods for lending cash to its customers.

RESEARCH IN DESIGN

The main task is to determine the causes and the extent to which these effects lead to, i.e. the causal relationship between variables. As a result, the explanatory research technique aids in determining the cause and effect relationship between various credit risk indicators and the profitability indicator.

SECONDARY DATA

Secondary data was taken from the State Bank of India's 20-year annual report (1997-2016), which is available on their website.

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY IJPAST

ISSN 2229-6107 www.ijpast.in

Vol 13,Issuse 3.July 2023

Analytical instrument used

The influence of credit risk indicators on the State Bank of India's profitability indicator is determined using multiple regression. Multiple Recovery is done in Microsoft Excel.

IMPORTANCE OF THE PROJECT

The report adds to the State Bank of India's recognition of the evident importance of credit risk management. It explains how the credit risk is assessed and how the bank's rating is determined. Furthermore, a study comparing the bank's credit policy to that of its competitors aids the bank's and its key competitors' credit recovery management in comprehending the fair credit policy.

OBJECTIVES OF THE PROJECT

1. Research the whole structure and history of the State Bank of India.

2. Understand the different credit rating approaches available and the credit rating procedure used by the State Bank of India.

3. Gain insight into the credit risk management procedures of the State Bank of India.

4. Understand the rules for credit rating and risk analysis set out by the RBI.

5. Research on the existing credit policy Analyses of the public and private sectors in comparison.

METHODOLOGY:

I used both primary and secondary data to accomplish the objectives of my study.

Primary data were gathered via a personal interview using a direct contact strategy. The 'personal interview' approach was employed to acquire information.

A personal interview and interaction with the company's management and other employees was conducted with this goal in mind.

Secondary data is collected through publications, yearly reports, the Internet, and textbooks.

The many sources utilized to gather secondary data are

- Internal files & materials
- Websites – Various sites like www. sharekhan.com

  www.indiainfoline.com

  www.sbi.co.in

  www.investopedia.com

  www..wikepedia.com and other site

LIMITATIONS:

The time constraint was a limiting factor, as more in depth analysis could not be carried.

Some of the information is of confidential in nature that could not be divulged for the study.

Employees were not co operative.

INDUSTRY OVERVIEW

The history of banking in India extends back to the Vedic period. Even before Manu, a great Hindu jurist, devoted a section of his work to deposits and advances and laid down interest-related regulations, there was a shift from money lending to banking. Indigenous bankers played a critical role in lending money and funding foreign commerce and trade throughout the Mogul Empire. The agency businesses had to develop into top financial organisations during the heyday of the East India Company. In 1786, the General Bank of India became India's first joint stock bank. The following two banks were the Hindustan Bank and the Bengal Bank. The Hindu Bank, according to accounts, lasted until 1906, while the other two went bankrupt in the meantime. The East Indian Company created three banks in the early nineteenth century: the Bank of Bengal in 1809, the Bank of Bombay in 1840, and the Bank of Madras in 1843. These

ISSN 2229-6107 www.ijpast.in

Vol 13,Issue 3.July 2023

three institutions were self-contained and well-run. They're referred to as presidential banks. The Imperial Bank of India was created in 1921 after these three banks amalgamated in 1920. In 1955, the SBI Act was approved, and the newly constituted SBI was taken over by the Imperial Bank of India. The RBI Act of 1934 was enacted in response to the Swedish movement, and many Indian Management Banks were established around the country, including Punjab National Bank Ltd, Bank of India Ltd, Canada Bank Ltd, and Indian Bank Ltd. The government nationalised 14 of the country's main banks on July 19, 1969, and six more commercial private sector banks on April 15, 1980. The Indian banking system is classified into two groups under the Indian Banking Regulation Act of 1949: unplanned banks and planned banks. Regular banks include corporate banks and cooperative banks.

The first wave of financial reforms, which began in 1969, resulted in the nationalisation of 14 major banks and a shift from private to public banking. As a result, bank geographical coverage has increased significantly. The banking sector provided a small fraction of its loan portfolio to firms classed as "priority sectors" in the 1970s, and the industry thrived in safe havens. As part of the second wave of reforms in 1980, six additional commercial banks were nationalised, resulting in four times the number of normally intended business banks and eight times the number of banks.

There was a second wave of financial sector reform and liberalisation at the start of the 1990s. The PSB proved to be very difficult to put together, especially with private sector banks and foreign organisations involved. A new private sector arose when the rules were first released in January 1993.

The Banking System in India:

In our nation, financial transformation is already happening as the banking industry looks for new technologies and applications. The most important aspect is that the advantages are beginning to reach the masses. Only a few organisations have preserved this field in the past. With high technological expenses, foreign banks have begun to provide "out of the world" consumer services. However, these services were only accessible to a reasonably considerable proportion of accounts. Then, with the emergence of a variety of private banks, liberalisation allowed a large section of the urban population's banks to be reached in a short period of time and distance.

Automated tellers, or ATMs, are the three alphabets that changed the way people think about banking. Nowadays, instead of counters dealing with their own cash, efficient machines just spend money.

The Reserve Bank of India Act of 1934 divides banks into two types: planned and unplanned. The banks covered by the Second RBI Act of 1934 are referred to as planned banks. The Second Annex to the 1934 RBI Act does not include any banks that are not scheduled.

In India, organised banking is divided into three categories: I Regional Rural Banks, II Co-operative Banks, and III Co-operative Banks. The Reserve Bank of India is the country's leading monetary and financial authority, and it supervises the banking industry. It is called as the Reserve Bank since it is in charge of all commercial banks' reserves.

Situation at the moment:

In terms of supply, product diversity, and reach, India's banking system is now regarded quite mature (2007), but the reach of both private and international banks in rural India remains a worry. Even in terms of asset quality and value.

The lending industry is one of the most basic economic tasks of the banking sector, and it has remained mostly constant throughout time. Competitiveness, on the one hand, had a substantial influence on lender margins, while technology, on the other hand, decreased the delivery costs of different goods and services to some level.

Banco is a financial institution that borrows and lends public funds for productive purposes. According to the Indian Banking Regulation Act of 1949, a banking corporation is defined as "a firm trading in India," and "banking" is defined as

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST

ISSN 2229-6107 www.ijpast.in

Vol 13,Issue 3.July 2023

"acceptance to lend any investment of deposits, public money reimbursable, on request or otherwise, and withdrawal, drawn or otherwise."

Banks, for example, play an essential part in a country's economic development:

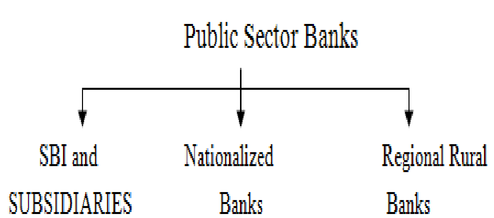
• Banks mobilise and invest modest sums of money.
• Encourages individuals to save by offering competitive interest rates on their deposits.
• Offers a simple and inexpensive means of payment while also protecting and guaranteeing additional money from depositors.
• Banks make it simple to transfer money from one location to another.
• Aids money mobility from less lucrative areas to more profitable areas.
• Through their financial needs and opportunities, banks broaden their exposure to commerce, trade, industry, and agriculture.

Between depositors and investors, the Bank serves as a go-between. In international commerce, the Bank also serves as a go-between for exporters and importers.

As a result, Indian banking has developed from a sluggish corporation to a very proactive and dynamic enterprise. This shift was principally fueled by the massive amount of liberalisation and economic change that enabled banks to explore new business opportunities rather than rely on traditional income sources (i.e. borrowing and lending). The banking business in India is extremely fragmented, with 30 banks accounting for over half of all deposits and 60% of all loans.

Chart Showing Three Different Sectors of Banks

- Public Sector Banks
- Private Sector Banks



COMPANY PROFILE

The bank has mobilised funds to support both corporate government public loans in British India's three Presidencies and private credit of British Indian corporations since its inception. Despite the fact that the primary receivers were undoubtedly large European and Indian merchants and manufacturers, the little man in rural areas never disregarded loans as little as Rs. 100 for festive decorations. Furthermore, before 1935, the Reserve Bank was responsible for a variety of central and banking functions.

One of the Bank's post-depression strengths was its ability to adapt globe and hour requirements. When business opportunities are restricted, for example, the regulations in the instruction book are prohibited to ensure that good business is not postponed. However, the bank seldom demonstrates its value, since it deviates from sound banking practises in order to sustain its growth. To take advantage of the opportunities presented by a rising economy, a creative array of branches, branches and sub-branches, the Treasury's compensation office, a pay office, a sub-pay office, and students were formed. In 1937, a new business strategy was devised to give the best banking service possible via prompt and courteous customer service.

The bank's renown has been reinforced by observing a high degree of integrity in its activities, despite its financial status and persistent maintenance of high banking traditions. It's no surprise that the bank's management was universal, since India's successive finance ministers, India's independent resource bank Governors, and chamber members all poured economics.

The banks were connected with a high degree of responsibility and concern for the shareholders in the good old days before business management became a puzzle, and this was also quite evident in current management approaches. Unbroken profit records, a relatively high profit rate, and reasonable dividend levels assured customer satisfaction, while prudential management and asset liability management not only protected the Bank's interests but also ensured that customer agreements were not broken. Traditions from the past have been upheld by the State Bank as it

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST

ISSN 2229-6107 www.ijpast.in

Vol 13,Issuse 3.July 2023

prepares to tackle the millennium's mounting concerns.

ABOUT LOGO

THE PLACE TO SHARE THE NEWS ....
SHARE THE VIEWS ......

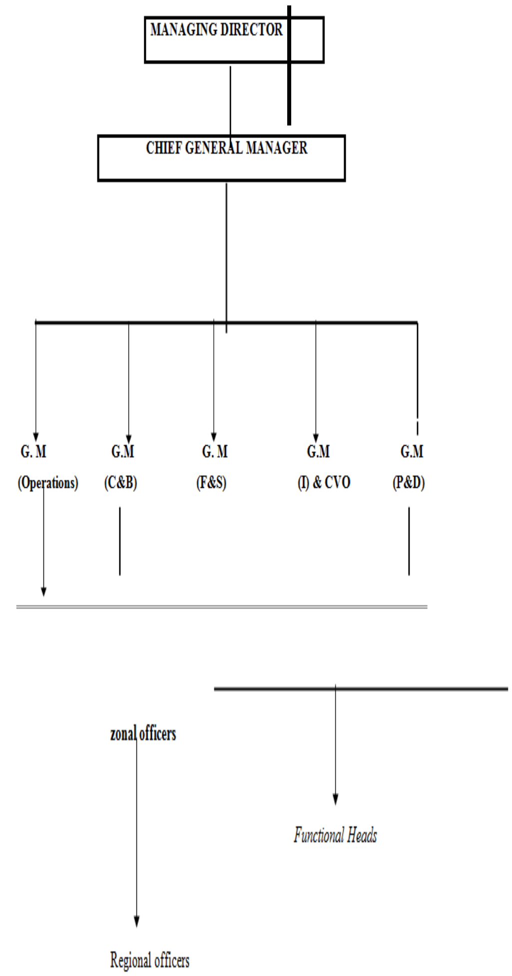
The focus of this SBI loge of organisations in the banking industry is togetherness, which fulfils the continuously changing needs of its consumers and establishes a circle-like link. The logo also denotes a bank that is prepared to take care of all of its customers' needs.

The bank's philosophy is represented by the Blue Pointer, which is always looking for a new, more challenging, more rewarding route. The keyhole represents security and safety.

Share.

- Satisfying and responsible cultural mutual care and devotion
- Possibilities for learning and a pleasant working environment

ORGANISATION STRUCTURE



PRODUCTS:

State Bank of India renders varieties of services to customers through the following products:

SBI Housing loan

SBI house loans or mortgages are designed to make it simple for you to pick from, at least in terms of finance!

SBI-Home Loans' has the following features:

• There is no maximum loan limit for purchasing or constructing a home or apartment;
• A spouse's and children's income club may be used to determine the appropriate loan amount.

ISSN 2229-6107 www.ijpast.in
Vol 13,Issue 3.July 2023

• To determine the authorised amount of loans, include a provision for club accruals of projected rent from the property.
As part of the project cost, there is a provision to cover furnishing expenses and sustainable consumer items.
• Up to 70-year-olds are eligible for a refund
• Personal accident insurance is provided free of charge.
• Discounted SBI Life Group Insurance is available as an option (Upfront premium financed as part of project cost)
• Interest calculated on a daily basis based on a reduction in the balance
• 'Plus' programmes, which provide enticing packages with low interest rates to government personnel, instructors, and Public Sector Oil Companies.
• The prepayment penalty is only recoverable if the loan is pre-closed before the halfway point of the original term (not recovered for bulk payments provided the loan is not closed)

• Permission from the principle to be flexible while negotiating the purchase of a property

• Loans may be used at work or on a building site.
• Attractive financing packages with the federal and state governments, public sector entities, and respectable corporations, as well as cooperation with recognised builders (Please contact your nearest branch for details)
SERVICES:

Personal Loan Product:

- SBI Term Deposits
- SBI Recurring Deposits
- SBI Housing Loan
- SBI Car Loan
- SBI Educational Loan
- SBI Personal Loan
- SBI Loan For Pensioners
- Loan Against Mortgage Of Property
- Loan Against Shares & Debentures
- Rent Plus Scheme
- Medi-Plus Scheme
- Rates Of Interest

DOMESTIC TREASURY

- SBI VISHWA YATRA FOREIGN TRAVEL CARD
- BROKING SERVICES
- REVISED SERVICE CHARGES
- ATM SERVICES
- INTERNET BANKING
- E-PAY
- E-RAIL
- RBIEFT
- SAFE DEPOSIT LOCKER
- GIFT CHEQUES
- MICR CODES

FOREIGN INWARD REMITTANCES

ATM SERVICES

1) The State Bank's credit card

2) Banks that have a bilateral agreement, such as Andhra Bank, Axis Bank, India Bank, Canada Bank, Corporation Bank, Dena Bank, HDFC Bank, India Bank Indus, Punjab National Bank, UCO Bank, and Union Bank of India, give ATM cards.
3) Bank cards bearing the Maestro, Master Card, Cirrus, VISA, and VISA Electron logos, with the exception of bilaterally shared banks.
4) All Maestro, Master Card, Cirrus, VISA, and VISA Electron debit/credit cards issued by any bank outside of India;

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST
ISSN 2229-6107 www.ijpast.in
Vol 13,Issue 3.July 2023

Note: If you have a bank card from a bank other than the State Bank Group, check with your bank to see if there are any fees associated with using State Bank ATMs.

STATE BANK INTERNATIONAL ATM-CUM-DEBITCARD

Eligibility:

Customers with networked branch accounts in the Savings Bank and current accounts must be: • 18 years of age or older • kind of account: sole or joint with "Either or Survivor"

• NRE account holders are eligible, while NRO account holders are not.

SBI GOLD INTERNATIONAL DEBIT CARDS

E-PAY

Train tickets may be purchased online.

In September 2003, the service was launched on the Weft in collaboration with IRCTC. The software allows train ticketing to be done online. The following are the plan's primary characteristics:

• This service is available to all Internet banking customers.

• When selecting SBI as a payment method, the customer will be sent to onlinesbi.com. After logging in, the payment amount, TID number, and railway reference number will be shown.

• The customer has the option of delivering or receiving the ticket.

• The consumer may pick up the ticket in person at the New Delhi counter.

• Ticket prices include the cost of the reservation, shipping expenses, and a Rs 10 bank transaction charge. Until July 31, 2006, there was no price for bank service.

The goal of the loan

• Renovating, renovating, or expanding an existing home or apartment

• Purchasing an existing home or apartment

• Purchasing a plot of land on which to construct a residential unit.

• The procurement of furniture and consumer durables is included in the project cost.

THE CONDITIONS

- Credit risk is the inability of a customer or counterparty to fulfil agreements è Default / Willful default.
- Credit is money granted at a cost (interest) for the term
- Losses as a result of lower èreal / perceived credit quality
- Treatment is progressing.
- Important Subcategories:
- Institutions of government
- Financial institutions
- Business
- The retail industry
- Claims for residential property
- Claims for commercial real estate

There are two options.

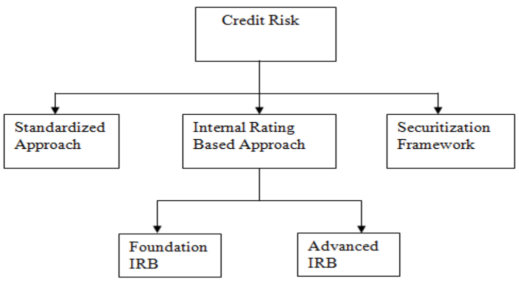
- A standard method and a standard method

- Internal Ratings (to be released by RBI at a later date) – will not be covered.

Procedural guidelines Procedural guidelines

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST
ISSN 2229-6107 www.ijpast.in
Vol 13,Issue 3.July 2023

Despite being riskier, the standardised technique is nearly identical to the present arrangement. The bank allocates risks to each of its assets, then subtracts and adds the risk-weighted asset values to arrive at a total risk-weighted asset value. The value of the risk weighted asset is included in a capital charge of 9% of its value when the risk weight is 100 percent. Individual risk is now weighted based on the whole borrower group (i.e sovereign, banks or corporate). If the new agreement's rigorous requirements are satisfied, an external credit rating organisation (such as the Rating Agency) will change risk weights.

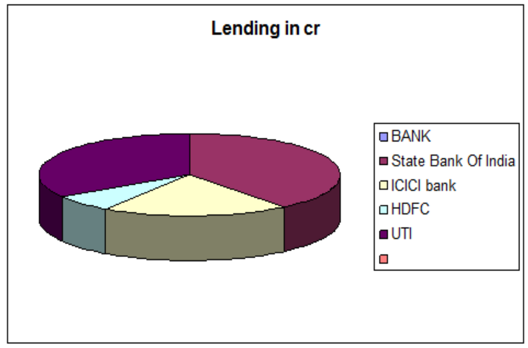


Competitors details

Dharwad is a city in the state of Maharashtra, India. In the private sector, State Bank of India's main rivals are ICICI Bank, Syndicate Bank, and Corporation Bank. In the government sector.
The following Pie diagram from SBI can help you understand it better.

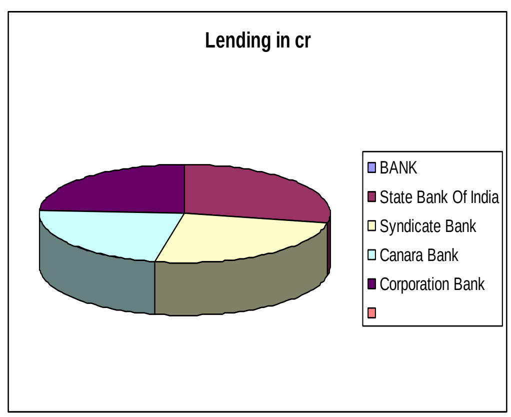
POSITION OF STATE BANK OF INDIA IN LENDING

BANK	LENDING IN Cr
State Bank Of India	29
ICICI bank	15
HDFC	5
UTI	25



POSITION OF STATE BANK OF INDIA IN LENDING
(PUBLIC SECTOR BANKS):

BANK	LENDING IN Cr
State Bank Of India	29
Syndicate Bank	26
Canara Bank	23
Corporation Bank	25

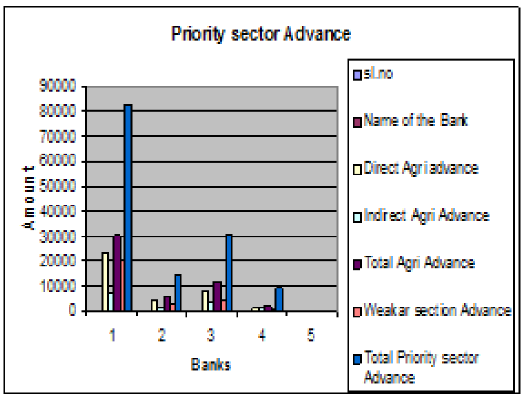


In total lending, State Bank Of India is in first place relatively in Public Sector Banks.

PRIORITY SECTOR ADVANCES OF BANKS
COMPARISON WITH OTHER PUBLIC SETOR BANKS

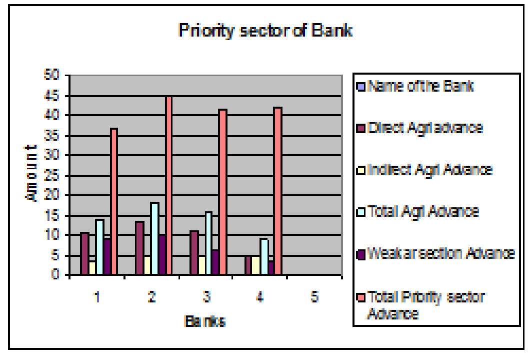
INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST
ISSN 2229-6107 www.ijpast.in
Vol 13,Issue 3.July 2023

S.No	Name of the Bank	Direct Agriculture Advances	Indirect Agriculture Advances	Total Agriculture Advances	Weaker Section Advances	Total Priority Sector Advances
		Amount	Amount	Amount	Amount	Amount
1	STATE BANK OF INDIA	23484	7032	30516	19883	82895
2	SYNDICATE BANK	4406.33	1464.64	5870.94	3267.71	14626.62
3	CANARA BANK	8348	3684	12032	4423	30937
4	CORPORATION BANK	963.58	971.22	1934.80	665.32	9043.74



PRIORITY SECTOR ADVANCES OF PUBLIC SECTOR BANKS IN PERCENTAGES ARE AS FOLLOWS:

S.No	Name of the Bank	Direct Agriculture Advances	Indirect Agriculture Advances	Total Agriculture Advances	Weaker Section Advances	Total Priority Sector Advances
		% Net Banks Credit	% Net Banks Credit	% Net Banks Credit	% Net Banks Credit	% Net Banks Credit
1	STATE BANK OF INDIA	10.5	3.1	13.6	8.9	37.0
2	SYNDICATE BANK	13.5	4.5	18.0	10.0	44.9
3	CANARA BANK	11.2	4.9	15.7	5.9	41.4
4	CORPORATION BANK	4.5	4.5	9.0	3.1	41.9



Interpretations:

When compared to other banks, SBI's direct agricultural advances account for 10.5 percent of Net Bank Credit. This shows that the Bank hasn't given enough credit to agriculture that is directed.

• In the case of indirect agricultural advances, SBI offers Net Banking loans at a rate of 3.1 percent, which is lower than Canara Bank, Syndicate Bank, and Corporation Bank. In order to attract more bank borrowers, SBI must consider indirect agriculture sectors.

• SBI has advanced 13.6 percent of net bank loans for total agriculture, with 8.9% for the weaker segment and 37% for the priority sector, which is lower than other banks.

Conclusions:

• The findings of the project reveal that SBI penalises Agriculture Credit less than its key competitors, Canara Bank, Corporation Bank, and Syndicate Bank.

• Credit recovery: In 2006, SBI had a credit recovery rate of 62.4 percent. SBI's restoration approach is superior to those of other banks, resulting in fewer nonperforming assets (NPAs).
• Total Progress: In contrast, SBI's total yearly progress grows.
• The State Bank of India loans in all sectors in equal monthly instalments, allowing everyone to borrow money easily.
• According to the project's findings, State Bank Of India lends or punishes more loans than other banks.
• The State Bank of India provides loans in the following areas:

INTERNATIONAL JOURNAL OF PURE AND APPLIED SCIENCE & TECHNOLOGY
IJPAST
ISSN 2229-6107 www.ijpast.in
Vol 13,Issue 3.July 2023

1 SBI deposit deadline
2 SBI Recurring Deposits
3 Housing Loan from SBI
4 SBI auto loan
5 SBI educational loans
6 SBI employee loans, etc.

• In the case of indirect agricultural loans, SBI offers 3.1 percent Net Banks Credit, which is lower than Canara Bank, Syndicate Bank, and Corporation Bank. In order to attract more bank borrowers, SBI must consider indirect agriculture sectors.

When compared to other banks, the SBI's direct agricultural advances account for 10.5 percent of the Net Bank loan, indicating that the bank does not make enough loans to the direct agriculture sector.

• When compared to other banks, SBI's credit risk management technique is quite successful.

RECOMMENDATIONS

• The Bank should continue to adjust its credit policy in order to correct policy trajectories.
• From time to time, the Chairman and Managing Director/Executive Director must update the procedural regulations required to carry out the credit policy in line with the needs of the organisation.
• To establish a business, banks must provide loans at a fair interest rate. This enables people to repay banks for their loans in a timely and efficient manner.
• The bank should not provide a single loan to agriculture; instead, the loan should be made in instalments. The remaining must be released if the weather conditions are favourable.

The SBI needs to lower the interest rate.

For the SBI to have more borrowers, it must accommodate indirect agricultural sectors.

CONCLUSION

The research conducted was very helpful in gaining a better knowledge of the 'credit policy and credit risk management' of nationalised banks, particularly the State Bank of India. When it comes to the appropriate functioning of the Bank's banking activities, its credit policy and credit risk policy have become vitally crucial. The Bank's lending policy serves as a basis for evaluating (a) whether or not to make loans to customers, and (b) how much money should be borrowed. The project's work has undoubtedly boosted awareness of "Credit Policy" and "Credit Risk Management" in the banking industry.

• Credit policy and credit risk management include a vast variety of subjects, and dealing with all of them in a short period of time is exceedingly challenging. However, every effort has been taken to incorporate the majority of the essential aspects that have a direct impact on the banking industry's financial performance.

• Finally, it is not impossible to mention that State Bank of India has supplied "Credit Policy" and "Credit Risk Management" in particular. The State Bank of India lends and extends loans to all industries in compliance with Reserve Bank of India directions and norms.

• The Bank of India's management and staff have worked together to help the bank achieve remarkable results in practically every significant criterion. The bank is working hard to become the best in the banking business.

BOOKS REFERRED:

M.Y.Khan and P.K.Jain, Management Accounting (Third Edition), Tata McGraw Hill.
M.Y.Khan and P.K.Jain, Financial Management (Fourth Edition), Tata McGraw Hill.
D.M.Mittal, Money, Banking, International Trade and Public Finance (Eleventh Edition), Himalaya Publishing House.

WEB SITES

www.sbi.co.in
www.icicidirect.com
www.rbi.org
www.indiainfoline.com
www.google.com

BANKS INTERNAL RECOREDS:

Annual Reports of State bank Of India (2003-2007)

ISSN 2229-6107 www.ijpast.in

Vol 13,Issuse 3.July 2023

State bank Of India Manuals
Circulars sent to all Branches, Regional Offices and all the Departments of Corporate Offices.