



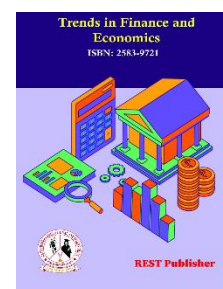
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## A Study On Credit Risk Management with Reference to SBI

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**Abstract.** Credit is an important marketing tool. It bears a value, the value of the vendor having to borrow until the customer's charge arrives. Ideally, that fee is the rate however, as most customers pay later than agreed, the extra unplanned fee erodes the planned net earnings. Risk is described as unsure ensuing in unfavorable outcome, negative in relation to deliberate goal or expectation. It is very difficult to find a threat loose investment.

**Keywords:** Credit, Risk, Risk Management, Investment

### 1. INTRODUCTION

Credit risk is defined as the capability that a bank borrower or counterparty will fail to fulfill its duties in line with agreed phrases, or in other phrases it is defined as the threat that a company's clients and Parties who've money lending will fail. The promised charge is known as credit danger

In the case of monetary establishments, such commercial banks whilst credit danger may be very huge, whilst businesses borrow cash, they positioned lenders at hazard for credit score threat, this risk may be to the company that made its bills. There will be default on bills. As a result, the borrower exposes the firm proprietors to the risk that the firm might be not able to pay its debts and hence may be pressured to move bankrupt.

### 2. REVIEW OF LITERATURE

**The primary stage** in the process of managing credit risk is the identification of the risk (Ngwa, 2010). The process of the identification of harmful situations and making attempts to characterize them is the process of risk identification. This process involves deliberate attempts to examine, review and predict possible risks (Kimotho & Gekara, 2016). Risk identification involves analyzing current and future risks to the firm more comprehensively in all the business functions such as asset management operations and others (Ngwa, 2010). In the effective management of credit risks, commercial bank managers are required to know the risks likely to affect the bank. It is important to ensure that they don't miss any risk during this stage and they can achieve this by establishing an appropriate credit risk environment (Mutua, 2015).

The analysis of credit risk involves the examination of the creditworthiness of members-borrowers. This involves examining the repayment sources and the credit history of the members-borrowers (Lagat, Mugo & Otuya, 2013). Credit appraisal and analysis involves the screening of clients to make sure that they not only have the ability to repay but also be willing to repay the loans on a timely basis (Kurui & Kalio, 2014). Credit risk analysis creates a deeper understanding of risk and its importance to organizations since it assists them in risk-based analysis and in comparing risks, which is helpful to organizations in prioritizing risk events (Kimoi, Ayuma & Kirui, 2016). Credit risk analysis is done in identifying and weighing all events preventing repayments of future credit and by implication the borrower's capacity in repayment of the facility (Ngwa, 2010).

### 3. OBJECTIVES OF THE STUDY

- To observe the complete shape and records of the State Bank of India.
- To recognize the various strategies available to recognize the credit score and credit score manner used in State Bank of India.
- To advantage insight into the credit threat management activities of State Bank of India.
- To recognize the RBI hints concerning credit rating and danger evaluation.
- The take a look at of credit policy followed comparative analysis of public area and private region...

#### Scope of the study:

- The scope of me observe includes five banks of which three are private area banks and are public quarter banks. They are indexed as follows:
- Public sector financial institution
- State Bank of India

#### Limitations of The Study:

- Lack of time became a limiting thing, which couldn't be analyzed as deeply.
- Some information is exclusive in nature that couldn't be divided for examine.
- Employees have been not cooperative.

### 4. DATA ANALYSIS & INTERPRETATION

Comparison of Loans & Advances of State Bank of India with Other Public and Private Sector Banks

**TABLE 1.** For the year 2019

Name Of the Banks	Amt of advances
State Bank Of India	137758.46
Syndicate Bank	16305.35
Canara Bank	40471.60
Corporation Bank	12029.17
HDFC Bank	11754.86
ICICI Bank	52474.48
UTI Bank	7179.92

**TABLE 2.** For the year 2020

Name Of the Banks	Amt of advances
State Bank Of India	157933.54
Syndicate Bank	20646.93
Canara Bank	47638.62
Corporation Bank	13889.72
HDFC Bank	17744.51
ICICI Bank	60757.36
UTI Bank	9362.95

**TABLE 3.** For the year 2021

Name Of the Banks	Amt of advances
State Bank Of India	202374.46
Syndicate Bank	26729.21
Canara Bank	60421.40
Corporation Bank	18546.37
HDFC Bank	25566.30
ICICI Bank	88991.75
UTI Bank	15602.92

**TABLE 4.** For the year 2022

Name Of the Banks	Amt of advances
State Bank Of India	261641.54
Syndicate Bank	36466.24
Canara Bank	79425.69
Corporation Bank	23962.43
HDFC Bank	35061.26
ICICI Bank	143029.89
UTI Bank	22314.23

**TABLE 5.** For the year 2023

Name Of the Banks	Amt of advances
State Bank Of India	337336.49
Syndicate Bank	51670.44
Canara Bank	98505.69
Corporation Bank	29949.65
HDFC Bank	46944.78
ICICI Bank	164484.38
UTI Bank	36876.48

**Interpretation:** Considering the above data we can say that year on year the amount of advances lent by State Bank of India has increased which indicates that the bank's business is really commendable and the Credit Policy it has maintained is absolutely good. Whereas other banks do not have such good business SBI is ahead in terms of its business when compared to both Public Sector and Private Sector banks, this implies that SBI has incorporated sound business policies in its bank.

### Comparison Study On Credit Recovery Management

**TABLE 6.** For the year 2020

Name Of The Banks	Loans Issued	Recovered	Outstanding
State Bank Of India	157933.54	91601.4	66332.09
Syndicate Bank	20646.62	11562.11	9084.5
Canara Bank	47638.62	27058.74	20579.88
Corporation Bank	14889.72	7500	6389.72
HDFC Bank	17744.51	9670.75	8073.76
ICICI Bank	60757.36	34631.70	26125.66
UTI Bank	9362.92	4615.55	4447.40

**TABLE 7.** For the year 2021

Name Of The Banks	Loans Issued	Recovered	Outstanding
State Bank Of India	202374.46	120210.43	82164.03
Syndicate Bank	26729.21	15422.75	11306.46
Canara Bank	60421.40	35044.42	25376.96
Corporation Bank	18546.36	10478.70	8067.67
HDFC Bank	25566.30	14291.56	11274.74
ICICI Bank	88991.75	52327.15	36664.60
UTI Bank	15602.92	8550.40	7052.52

**TABLE 8.** For the year 2022

Name Of The Banks	Loans Issued	Recovered	Outstanding
State Bank Of India	261641.54	163264.32	98377.22
Syndicate Bank	36466.24	21879.74	14386.50
Canara Bank	79425.69	48446.67	30976.02
Corporation Bank	23962.43	13898.21	10064.22
HDFC Bank	35061.26	20125.61	14936.10
ICICI Bank	143029.89	88392.47	54637.46
UTI Bank	22314.24	12429.03	9885.20

TABLE 9. For the year 2023

Name Of The Banks	Loans Issued	Recovered	Outstanding
State Bank Of India	337336.49	263264.32	74072.17
Syndicate Bank	51670.44	31879.74	19790.7
Canara Bank	98505.69	68449.67	30056.02
Corporation Bank	29949.65	15898.21	14051.44
HDFC Bank	46944.78	30125.16	16819.62
ICICI Bank	164484.38	98392.47	66091.91
UTI Bank	36876.48	22429.03	14447.45

### Priority sector advances of banks:

TABLE 10. Comparison with other public setor banks

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

TABLE 11. 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:

- SBI's direct agriculture advances in comparison to different banks is 10.5% of the Net Bank's Credit, which suggests that Bank has no longer lent enough credit to direct agriculture zone.
- In case of oblique agriculture advances, SBI is granting three.1% of Net Banks Credit, that's much less as compared to Canara Bank, Syndicate Bank and Corporation Bank. SBI has to entertain oblique sectors of agriculture in order that it is able to have extra variety of debtors for the Bank.
- SBI has advanced thirteen.6% of Net Banks Credit to total agriculture and eight. Nine% to weaker segment and 37% to precedence area, that is less as compared with different Bank.

## 5. FINDINGS

- Project findings monitor that SBI is sanctioning less Credit to agriculture, in comparison with its key competitor's viz., Canara Bank, Corporation Bank, Syndicate Bank
- Recovery of Credit: SBI recovery of Credit throughout the year 2006 is sixty two. Four% Compared to other Banks SBI's restoration policy is excellent, hence this reduces NPA
- Total Advances: As in comparison overall advances of SBI is increased year by means of yr.
- State Bank of India is granting credit score in all sectors in an Equated Monthly Installments in order that any frame can borrow cash easily
- Project findings screen that State Bank of India is lending extra credit score or sanctioning greater loans in comparison to other Banks.

- State bank Of India is increasing its Credit in the following recognition areas:
  - 1 SBI Term Deposits
  - 2 SBI Recurring Deposits
  - 3 SBI Housing Loan
  - 4 Four SBI Car Loan
  - 5 SBI Educational Loan
  - 6 SBI Personal Loan ...and so on
- In case of oblique agriculture advances, SBI is granting three.1% of Net Banks Credit, that is less as compared to Canara Bank, Syndicate Bank and Corporation Bank. SBI has to entertain indirect sectors of agriculture in order that it could have extra number of debtors for the Bank.
- SBI's direct agriculture advances as compared to different banks is 10. Five% of the Net Bank's Credit, which suggests that Bank has now not lent enough credit score to direct agriculture region.
- Credit danger management procedure of SBI used may be very effective in comparison with other bank

## **6. SUGGESTIONS & CONCLUSION**

- The Bank must keep on revising its Credit Policy with a purpose to assist Bank's effort to correct the course of the rules
- The Chairman and Managing Director/Executive Director need to make modifications to the procedural tips required for implementation of the Credit Policy as they may turn out to be vital every so often because of organizational wishes.
- Banks has to supply the loans for the established order of enterprise at a mild price of hobby. Because of this, the humans can repay the loan amount to bank often and directly.
- Bank have to now not issue entire quantity of loan to agriculture sector at a time, it should launch the mortgage in installments. If the climatic conditions are properly then they should launch remaining quantity.
- SBI has to reduce the Interest Rate.
- SBI has to entertain indirect sectors of agriculture so that it is able to have more range of borrowers for the Bank.

## **7. CONCLUSION**

The undertaking undertaken has helped lots in mastering the "Credit Policy and Credit Risk Management" in Nationalized Bank with special reference to State Bank Of India. Credit Policy and Credit Risk Policy of the Bank has come to be very essential inside the easy operation of the banking activities. Credit Policy of the Bank provides the framework to decide (a) whether or not or not to extend credit score to a consumer and (b) how a whole lot credit score to increase. The Project paintings has sincerely enriched the knowledge approximately the effective control of "Credit Policy" and "Credit Risk Management" in banking area.

- "Credit Policy" and "Credit Risk Management" is a enormous difficulty and it's miles very hard to cover all the elements inside a short duration. However, each effort has been made to cowl most of the critical factors, that have an instantaneous bearing on improving the monetary performance of Banking Industry
- To sum up, it'd no longer be out of manner to mention here that the State Bank Of India has given special inputs on "Credit Policy" and "Credit Risk Management". In pursuance of the instructions and suggestions issued by way of the Reserve Bank of India, the State bank Of India is granting and expanding credit to all sectors.
- The concerted efforts installed by way of the Management and Staff of State Bank Of India has helped the Bank in reaching high-quality progress in almost all the vital parameters. The Bank is marching in advance inside the route of reaching the Number-1 role in the Banking Industry

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