

## **Declaration**

I, hereby declare that the thesis entitled “Risk Management With Special Reference To Credit Risk In Indian Banking Sector” submitted for the Award of Doctor of Philosophy in the Department of Business Administration, JN School of Management Studies, Assam University, Silchar is a record of bona fide research work and the thesis has not been produced for the award of any other degree, or fellowship etc. to any University or Institution. It is also declared that the thesis is plagiarism checked with URKUND software.

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***Rajashree Dutta Purkayastha***

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## **Preface**

In today's globalised era, risk is inherent in any business activity; to stay competitive organisations are readily accepting all sort of challenge pertinent to their activity, thereby making risk management a prerequisite. Banking Industry, the backbone of any country's financial system is prone to diverse upheavals by virtue of its nature of business. Indian Banking Sector which is the reservoir of  $\frac{3}{4}$  th assets of entire financial system is also facing the hurdles of increased interest rate structure and the heightened level of loss of asset quality and the associated consequences even after having several policy measures to counter the same.

During my stint with Allahabad Bank and SBI, I have been fortunate enough to get the opportunity to work in Stressed Assets Resolution Branch, which along with the present scenario of mounting level of NPA of Indian economy, triggered me to delve in this area. This study basically tries to assess the nature and quantum of risks in Indian Banking Sector.

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# Content

<b>Contents</b>	<b>Pages</b>
DECLARATION	i
CERTIFICATE	ii
ACKNOWLEDGEMENT	iii-iv
PREFACE	v
LIST OF TABLES	x-xi
LIST OF CHARTS & BOXES	xii
ABBREVIATIONS	xiii-xv
<b>CHAPTER-1: INTRODUCTION</b>	<b>1-37</b>
1.1 Introduction	1-3
1.2 Conceptual Framework	3-9
1.3 Statement of the Problem	9-10
1.4 Profile of Indian Banking Sector	10-35
1.4 A. Indian Banking Sector during Pre-Nationalisation Era	13-19
1.4 B. Indian Banking Sector after Nationalisation	19-21
1.4 C. Indian Banking Sector after Liberalisation	22-29
1.4 D. Structure of Present Indian Banking Sector	30-35
1.5 Layout of the Study	35-37
<b>CHAPTER-2: REVIEW OF LITERATURE</b>	<b>38- 77</b>
2.1 Introduction	38
2.2 International Policy Framework For Credit Risk	38-51
2.2.1 Risk Management in The Context Of Basel Accords	38-42
2.2.2 Basel II Accord: The Three Pillar Approach	42-48
2.2.3 Basel III	48-51
2.3 Risk Management Practices of RBI	51-64

2.4 Review of Other Literature	64-76
2.4.1 Studies on Asset Quality and Non Performing Assets	65-68
2.4.2 Studies on Risk Management and Credit Risk Management	68-76
2.4.2.A. Studies Conducted In Abroad	68- 74
2.4.2.B. Studies Conducted In India	74-76
2.5 Research Gap	76-77
<b>CHAPTER-3: RESEARCH METHODOLOGY</b>	<b>78-84</b>
3.1 Introduction	78
3.1.1) Objectives of the Study	78
3.2 Hypothesis of the Study	78-79
3.3 Scope of the Study	79-80
3.4 Type of Research	80
3.5 Unit of Analysis	80-81
3.6 Type and Source of Data	81
3.7 Identification of the Relevant Variables	81-83
3.8 Tools and Techniques of the Study	83
3.9 Significance of the Study	84
3.10 Limitation of the Study	84
<b>CHAPTER-4: RISK PROFILE OF INDIAN BANKING SECTOR</b>	<b>85-105</b>
4.1 Introduction	85-86
4.2 Types of Banking Risks	86-94
4.3 Available Approaches of Risk Management	94-98
4.4 Risk Profile of Indian Banking Sector	98-103
4.5 Chapter Findings	103-105

<b>CHAPTER-5: ASSET QUALITY OF BANKS-AN ASSESSMENT</b>	<b>106-152</b>
5.1 Introduction	106-107
5.2 Conceptualising Asset Quality	108-109
5.3 Prudential Norms for Asset Classification, Income Recognition and Provisioning of Indian Banks	109-116
5.4 Status of Asset Quality of Banks in India	116-121
5.5 Bank Wise Analysis of The Asset Quality Of Indian Banks	121-143
5.6 Summary of Asset Quality Of Indian Banking Sector	143-145
5.7 Chapter Findings	145-152
<b>CHAPTER-6: DETERMINANTS OF CREDIT RISK AND THEIR IMPACT ON GROWTH OF BANKS</b>	<b>153-170</b>
6.1 Introduction	153-154
6.2 Approaches of Credit Risk Assessment	154-155
6.3 Traditional System for Assessing Credit Risk	155-158
6.4 Some Popular Credit Risk Models used for Credit Risk Measurement	158-162
6.5 Assessing the Credit Risk of Indian Banks	162-167
6.6 Impact of Credit Risk	167-168
6.7 Chapter Findings	162-170
<b>CHAPTER-7: FINDINGS, SUGGESTIONS &amp; CONCLUSION</b>	<b>171-179</b>
7.1 Introduction	171
7.2 Summary of Findings	171-177
7.3 Recommendation	177-179
7.4 Conclusion	179
<b>BIBLIOGRAPHY</b>	<b>180-191</b>

**ANNEXURES:**

1. Calculation of Credit Risk
2. Calculation of Liquidity Risk
3. Calculation of Market Risk
4. Calculation of Operational Risk
5. GNPA/Total Advances
6. Operating Expense/Total Assets
7. CRAR
8. Total Loans/Time Deposits
9. ROE
10. List of Publications



## **List of Tables**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Page No.</b>
Table 1.1	: Number of Banks, Capital and Deposits in India During Pre Independence Era	17
Table 3.5.1	: List of Banks Under Study	81
Table 3.7.1	: Variables Identified For Measuring Impact Of Credit Risk On The Growth Of The Banking Sector	82
Table 3.7.2	: Variables Identified For Measuring Composite Risk	83
Table 4.1	: Calculation of Bank wise Composite Risk Score during 2003-2014	100
Table 4.2	: Calculation of Year wise Composite Risk for Banks	101
Table 5.1	: Asset Quality of Major Economies	117
Table 5.2	: GNPA As Percent Of Gross Advances (GNPA Ratio)	119
Table 5.3	: Net NPA As Percent Of Net Advances (NNPA Ratio)	120
Table 5.4	: Position of Asset Quality of SBI	123
Table 5.5	: Position of Asset Quality of Bank of Baroda	124
Table 5.6	: Position of Asset Quality of Oriental Bank of Commerce	126
Table 5.7	: Position of Asset Quality of Corporation Bank	128
Table 5.8	: Position of Asset Quality of Canara Bank	129
Table 5.9	: Position of Asset Quality of Union Bank	131
Table 5.10	: Position of Asset Quality of Bank of India	132
Table 5.11	: Position of Asset Quality of Syndicate Bank	134
Table 5.12	: Position of Asset Quality of Allahabad Bank	135
Table 5.13	: Position of Asset Quality of Indian Overseas Bank	137
Table 5.14	: Position of Asset Quality of Punjab National Bank	138
Table 5.15	: Position of Asset Quality of HDFC Bank	140

Table 5.16 : Position of Asset Quality of ICICI Bank	141
Table 5.17 : Position of Asset Quality of AXIS Bank	142
Table 5.18 : GNPA Ratio of all banks	143
Table 5.19 : NNPA Ratio of all banks	144
Table 6.1 : Industry sponsored Credit Value at Risk (VAR) Models	161
Table 6.2 : Comparison of Credit Risk Models On Various Parameters	162
Table 6.3 : CRAR of Major Economies	163
Table 6.4 : CRAR Ratio of Banks	164
Table 6.5 : Credit Risk Scores of the Banks	165
Table 6.6 : Credit Risk Scores of the Banks During 2002-03to 2013-14	166

## **List of Charts and Boxes**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Page No.</b>
Box 1.1 -	Major Control Measures Introduced During 1967 To 1991 Period	21
Box 2.1 -	Summary of Basel Accords For Reducing Credit Risk	49-51
Box 2.2 -	Summary of Policies undertaken to counter Credit Risk	62-64
Box 5.1 -	Provisioning Norms Specified by RBI with respect to the Categories of NPA	114
Chart 4.1-	Risks in Banking	86
Chart 4.2-	General Structure of Risk Management Framework	97

## Abbreviations

CAR	- Capital Adequacy Ratio
ALM	- Asset Liability Management
ARC	- Asset Reconstruction Company
BC	- Before Christ
BC	- Business Correspondent
BCBS	- Basel Committee on Banking Supervision
BF	- Business Facilitator
BFS	- The Board For Financial Supervision
BIA	- Basic Indicator Approach
BIS	- Bank For International Settlement
BSE	- Bombay Stock Exchange
CBSR	- Committee On Banking Sector Reform
CRAR	- Capital To Risk Weighted Assets Ratio
CAMELS	- Capital, Adequacy, Management, Earnings, Liquidity And Supervision
CA	- Current Asset
CR	- Credit Risk
CV	- Coefficient Of Variation
DFI	- Development Financial Institutions
DRAT	- Debt Recovery Appellate Tribunal
DRI	- Differential Rate Of Interest
DRT	- Debt Recovery Tribunal
EAD	- Exposure At Default
FDI	- Foreign Direct Investment

FII	- Foreign Institutional Investors
FSF	- Financial Stability Forum
GDP	- Gross Domestic Products
GFSR	- Global Financial Stability Report
GNPA	- Gross Non Performing Assets
HSBC	- Hongkong And Sanghai Banking Corporation
IRB	- Internal Rating Based Approach
IMF	- International Monetary Fund
LGD	- Loss Given Default
LIQ	- Liquidity Risk
MR	- Market Risk
NCC	- National Credit Council
NPA	- Non Performing Assets
NNPA	- Net Non Performing Assets
NPL	- Non Performing Loans
NSE	- National Stock Exchange
OSMOS	- Offsite Surveillance And Monitoring System
PBT	- Profit Before Tax
PSB	- Public Sector Banks
PCA	- Prompt Corrective Action
PD	- Probability Of Default
ROA	- Return On Assets
RBI	- Reserve Bank Of India
RRB	- Regional Rural Bank
RBS	- Risk Based Supervision

- SARFAESI - Securitisation And Reconstruction Of Financial Assets And Enforcement Of Security Interest Act
- SBI - State Bank Of India
- SCB - Scheduled Commercial Banks
- TA - Total Asset
- VAR - Value At Risk