APPRAISAL OF CREDIT RISK MEASUREMENT PROCESS OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

In the present study, an attempt is made to analyze and compare the credit risk measurement process of selected public and private sector banks in the area of Haryana and Delhi (including NCR). The collected data is analyzed with the help of various statistical techniques such as frequency, percentage, mean and standard deviation. To validate the results, t-statistic and ANOVA techniques have been used. The bank-wise ANOVA results of various public sector banks show that there is a significant difference among the bankers’ viewpoint with regard to process for classifying obligors and providing adequate provision against potential credit losses, credit risk report at regular intervals and policy for periodic re-appraisal of collateral securities. On the other hand, there is no significant difference among the viewpoint of respondents in case of private sector banks towards the periodic measurement of the borrower’s status after loan extension, process for classifying obligors and providing adequate provision against potential credit losses, credit risk report at regular intervals and policy for periodic reappraisal of collateral securities. The results of t-test of public and private sector banks show that there is a significant difference among the bankers’ viewpoint with regard to credit risk report at regular intervals. However, no significant difference is found among the bankers’ viewpoint with regard to the periodic measurement of the borrower’s status after loan extension, process for classifying obligors and providing adequate provision against potential credit losses and policy for periodic reappraisal of collateral securities.

KEY WORDS: Borrower’s Status, Collateral Securities, Credit Risk Report, Credit Risk Measurement.

REFERENCES


