To Project Work on

"A STUDY ON CREDIT MANAGEMENT OF PRIVATE AND PUBLIC SECTOR BANKS"

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By:

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Certificate

This is to Certify that the Project work Titled **"A Study on Credit Management of Private and Public Sectors Banks"** is an original record of field works done by **Ms. Deepa Mastappa Naik** with Registration No.**19C011040** in a partial fulfillment of the award of degree of **Master of Commerce** of the **Karnatak University, Dharwad** during 2020-21. The project satisfies the academic requirements in respect of project work prescribed for the Degree of **Master of Commerce** and is a record of her own independent work.

This project is based on the studies carried out by her and has not been submitted to any other University or Institution for the award of any degree or diploma.

13/09/2021
Project Guide
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Chapter 1

Introduction:

This is based on study on credit management in private and public sector banks. Financial institutions as a major component of the financial system play a very important role in the growth of any economy. Economic growth of a country depends on the mobilization of resources and its utilization in a deliberate way. Financial institutions provide the highest financial convenience to the common people and promote the overall economic saving. They allocate the available savings in a more efficient way. They create credit and deposit money.

Banks are indispensable instruments of accelerated growth in a developing economy. Indeed banks are the lifeblood of the economy. The prime task of the banking sector is to mobilize the gentle savings of a society and to direct them into fruitful investment. Banks are the intermediaries between the savers, investors and lenders. Banks mobilize savings and facilitate funds and play a crucial role in linking them.

Credit management is one of the crucial activities banks and other financial institutions perform. In lending activity, they always have to think on the better management of funds available to them. They have to observe the end use of funds which they have provided. As, bank credit meets the demand which is not accommodated by individual savings. Commercial banks are primary suppliers of credit to the market. They provide credit to all major sectors of the economy to develop like, agriculture, commercial, industries etc. by credit deployment; banks not only help the economy but also help banking sector development because by this, they also earn profit which in turn promotes the economic growth of the nation.

The strength of the banking sector basically depends on the soundness of the credit management. Loans have always been one of the principal sources of income for commercial banks. The extension of credit on a sound basis is very essential for the growth and prosperity of a bank and ultimately of the economy. The good management of credit ensures adequate and reasonable balance between the liquidity and safety of funds and at the end it touches profitability of the bank. Thus, having huge importance of credit management in the banking sector, the researcher has selected this area in her study.

Objective of the study:

The main motive of the study is to understand and compare the credit management of the Indian banking sector including public sector and private sector both. The broader objectives of the study are as under:

1. To analyse the credit management of selected private sector and public sector banks.

2. To know the soundness of credit management in banks.

3. Analyse the credit deposit ratio of private and public sector bank

4. To analyse the term loan to net credit ratio of private and public sector bank

5. To make comparative analysis of credit management between selected private sector and public sector banks.

Conclusion

In conclusion, it can be said that public and private sector banks are the main pillar of the Indian financial system.

Banks are the main source of credit needed by common people, business and industries etc.

Bank credit provides more purchasing power and development scope to all of them . In addition to this, for overall development of a country's economy, banks should distribute their credit among all sectors of the economy.

Credit risk management is becoming very important in today's competitive business world. From the study it is evident that the bank is quite sincere in their approach to managing the consumer credit risk though there is room for improvement.

Banks should be established for a special purpose so banks should provide good, valuable and timely services to the customers. Banks should apply to maintain good relationships with customers. In addition, the customers also follow some rules of the bank. So that whatever services provided by the bank are value added to their cost.

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